Brockenhurst College

Brockenhurst College

Annual Report and Financial Statements

Year ended 31 July 2024

Brockenhurst College

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Key Management Personnel, Board of Governors and Professional Advisers

Key management personnel

Key management personnel are defined as Senior Post Holders within the College Leadership Team and were represented by the following in 2023/24:

H Odhams	Principal and CEO; Accounting Officer
L Feingold	Vice Principal, Director of Finance
S Lovegrove	Vice Principal, Curriculum and Quality (until 17 July 2024)

Board of Governors

A full list of the Board of Governors is given on pages **26-27** of these financial statements.
Mrs L Payne acted as Clerk to the Corporation throughout the period.

Professional advisers

<u>Financial statements auditors and reporting accountants:</u>

Alliotts LLP
One Ground Floor
3 London Square
Cross Lanes
Guildford
GU1 1UJ

<u>Internal auditors:</u>

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

<u>Bankers:</u>

Barclays Bank plc
Wytham Court
11 West Way
Oxford
OX2 0JB

<u>Solicitors:</u>

Lamb Brooks
39 Winchester Street
Basingstoke
Hants
RG21 1EQ

Brockenhurst College

Strategic Report

Objectives and Strategy:

The Members of the Brockenhurst College Corporation present their Annual Report and the audited financial statements and auditor's report for Brockenhurst College 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 Brockenhurst College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The College has a wholly owned subsidiary called Wessex Education Shared Services Ltd (WESS). The company is limited by guarantee and is registered in England and Wales (Company Registration Number 08301285). Its principal activity is the provision of administrative services.

Mission

The College Vision and Core Purpose is to "Help people make the most of their lives through learning".
The College Core Values are:

- That learning has the power to unlock the potential of each individual
- A belief in educational and social inclusion
- We care about people
- We commit to unequivocal excellence in all we do
- That the future should be embraced through creativity and innovation

As a college with tertiary status, Brockenhurst College offers a wide range of academic, vocational and technical qualifications and courses for 16 to 19 year-old students as well as to apprentices adults and those wishing to pursue qualifications and higher education. The College also provides a wide range of leisure courses for adults. The College has a long-standing and excellent reputation for delivering education to a wide range of students serving communities across Hampshire, Dorset, Wiltshire and the Isle of Wight. To achieve this, we work with a large number of schools, universities, businesses and civic partners.

In 2023/24 the College had over 3,000 16 to 19 year old students and apprentices on roll. Over 100 students were pursuing courses in HE, and around 5,500 adult learners undertook adult qualifications and leisure-based courses. In our Sixth Form provision, 45% of students studied A Level programmes, with the remaining 55% on Foundation and Level 1, 2 and 3 Vocational programmes.

Resources

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

The College employed 315 (2022/23 – 316) people during the year (expressed as full-time equivalents), of whom 135 (2022/23 – 133) are teaching staff.

Tangible resources include the main College site and operating equipment used to support the curriculum delivery. The gross book value of these assets as at 31 July 2024 was £41.2m (31 July 2023 - £40.3m), having increased in the year following investment in the College's estate and IT facilities, notably construction of a new teaching building ("F Block") on the main Brockenhurst campus and new mobile computing devices for both staff and student use.

The College has £12.4m (2022/23 - £11.6m) of total net assets before pension related defined benefit assets or obligations. These net assets include debt of £2.4m (2022/23 - £2.6m). It should be noted that as at 31 July 2024 the College's defined benefit pension obligations have been calculated to be an asset of £2.6m (31 July 2023 – an asset of £1.1m).

Strategic Report (continued)

This means that the value of the assets (i.e. cash and investments) of the College's share of its Local Government Pension Scheme is greater than the value of its future liabilities (i.e. future pension payments). However, due to the unlikelihood of the asset being realised, they continue to be attributed a nil value in the 2023/24 accounts.

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at retaining and attracting students and external relationships. **The College was re-rated as GOOD in all areas following a four-day inspection by Ofsted in November 2023.** The report stated:

- 'Most learners and apprentices thrive in the inclusive and supportive learning environment that leaders and staff have created.'
- 'Most learners and apprentices develop substantial new knowledge and skills because of the high-quality teaching and support they receive.'
- 'Leaders and managers have designed a range of high-quality vocational and academic courses that meet the needs of learners and stakeholders very well.'
- 'Highly experienced and qualified teachers plan the curriculum carefully and logically to ensure that learners and apprentices develop the knowledge and skills they need.'
- 'Teachers and staff provide relevant and useful careers advice and guidance, which helps learners and apprentices to make informed decisions about their next steps.'
- 'Leaders and managers have developed a purposeful and highly personalised curriculum for learners with high needs. They work closely with secondary schools and external agencies to plan learners' successful transition to college.'

The inspection was the first time the College has been assessed according to Ofsted's latest inspection framework, which includes new judgement areas.

The College also underwent an **Ofsted homestay social care inspection in February 2024 and achieved ratings of OUTSTANDING in all key judgements.** Ofsted examined residential provision for international students under the College's Homestay programme, which at the time had 48 residential learners, and assessed the overall experiences and progress of young people, taking into account how well they are helped and protected. The report stated:

- 'The College provides highly effective services that consistently exceed the standards of good. The actions of the College contribute to significantly improved outcomes and positive experiences for young people.'
- 'Physical and mental well-being is given high priority. There is a common understanding that, for learners to be able to learn effectively, they need to feel well. To support this, the College has developed a multi-disciplinary well-being team.'

As part of the assessment, Ofsted evaluated safeguarding measures across the whole College, which apply to all students, both international and those living permanently in the UK.

The College has been registered with the Office for Students since June 2019.

Strategic Report (continued)

Stakeholders

In line with other colleges, Brockenhurst College has many stakeholders. These include:

- Students and staff
- Education sector funding and regulatory bodies, notably the Education and Skills Funding Agency (ESFA) and the Office for Students (OfS)
- Local employers (with specific links)
- Schools
- Local Authorities and District Councils, notably Hampshire County Council and New Forest District Council
- Government Offices / Local Enterprise Partnerships, notably Solent and M3 LEPs
- The South Coast Institute of Technology
- The local residential and educational community
- Other Further Education institutions
- The College's bankers, Barclays
- Trade unions
- Professional bodies

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

Public Benefit

Brockenhurst College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 26-27.

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

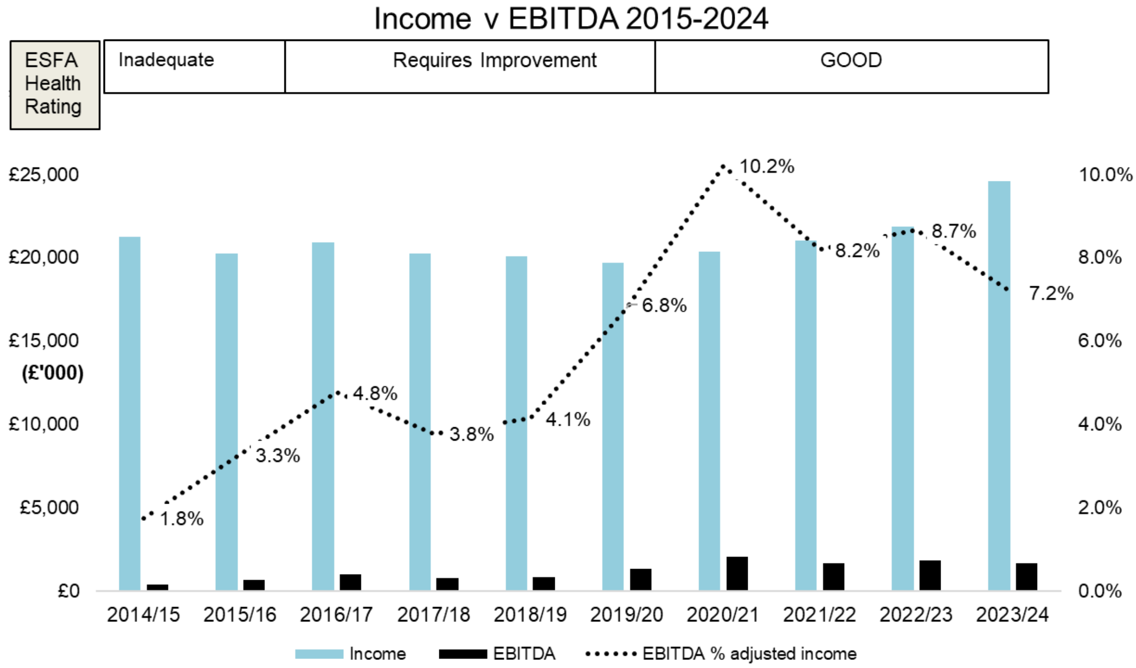
In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent progression and employment record for students
- Strong student support systems
- Links with employers, industry and commerce

The College also has a significant role in the delivery of skills for the local economy. Indeed, the College plays a crucial part in equipping the local economy with essential skills, actively participating in the Local Skills Improvement Plan (LSIP), the South Coast Institute of Technology (SCIoT), New Forest District Council and the Solent Freeport initiatives.

Strategic Report (continued)

Financial Context



Over the last 9 years the College has been successful in implementing a strong financial control environment which has allowed it to stabilise and manage its finances. Having implemented a Recovery Plan in 2014/15, the College has since improved its ESFA financial health rating and is expected to achieve its fourth year of "Good" financial health.

Since 2021/22, whilst core activities resumed relative normality, the Post Covid economic recovery and geopolitical events combined to create an economic environment with strong inflationary pressures. The resulting cost-of-living crisis came at a time when the pressures on FE sector staff pay have never been greater, resulting in higher staff turnover and an upwards pressure on staff pay. The combination of staff pay increases and non-pay inflationary pressures, notably in energy, IT infrastructure and exam fees, has resulted in financial margins being eroded and a more cautious outlook being adopted.

The financial position of the sector and below inflation funding rate increases have prevented meaningful pay awards for a number of years. Staff pay rates have consequently lagged well behind inflation thereby falling in real terms. Low pay rates have compounded the impact of a high inflationary economy and are adversely impacting staff morale and retention and continue to make staff recruitment a major challenge.

To mitigate the significant inflationary pressures in 2023/24, the College has actively managed its operating expenditure cost base and staff pay. The College is constantly balancing the affordability of pay awards with the impact on staff morale, retention and recruitment. Against this backdrop the College has nevertheless maintained its "Good" ESFA financial health rating in 2023/24, supported by stable cash reserves and debt falling as a percentage of income.

The political backdrop throughout 2023/24, however, had been one of both change and cautious optimism. Being awarded additional governmental funding alongside schools for the first time to temporarily address staff pay pressures and the threat of industrial action appeared to represent a change in the political attitude towards the Further Education sector. However, the change of Government in July 2024 and resulting decision to actively exclude the FE sector from financial support being provided to schools and Sixth Form Academies will only exacerbate the growing pay gap between college and schoolteachers' pay, now estimated at £9,000 (c.25%).

At the time of writing, 172 colleges have written to the Government highlighting the inequalities in funding across the education sector and its potential consequences in stifling economic growth plans and exacerbating the teacher recruitment crisis in FE colleges.

Brockenhurst College

Strategic Report (continued)

Strategic Aims

The strategic aims of the College's 2023/24 Financial Plan are as follows:

- To manage the financial impact of the planned 16-19 students through ongoing group size efficiencies
- To manage the financial challenge of inflationary pressures, obtaining best value and prioritising spend
- To align with the College's Strategic Plan, with focus on the key strategic actions of people, curriculum, community and culture, underpinned by sustainability and growth
- To invest in our staff at a time of significant increases in the cost of living by granting a 5% pay award, subject to affordability and Board approval
- To maintain the confidence of our key external stakeholders, notably the ESFA and external auditors, by setting a realistic, transparent and achievable budget
- To deliver an EBITDA of £1.2m (5.2% income), which would generate sufficient operating cashflow to support the College's debt service requirements and planned level of capital investment
- To invest in our IT resources and infrastructure whilst managing the increased risk of cybersecurity
- To achieve an ESFA financial health rating at the higher end of "Requires Improvement" in 2023/24
- To comply with the conditions of our recently refinanced loan with the DfE and ensure compliance with the Managing Public Money framework
- To continue making progress towards long term financial sustainability

Whilst not specifically included within the plan, the College would continue to consider further opportunities that may arise to secure its long-term sustainability, including curriculum restructuring, merger and land redevelopment.

Each key priority has a number of targets detailing how each priority will be achieved. College departmental objectives have been linked directly with the achievement of the overall College objectives. The College's key financial sustainability and growth objectives for 2023/24 and their achievement is set out below.

TARGET	ACHIEVEMENT	ACTUAL
Budget Earnings before interest, tax, depreciation and amortisation (EBITDA) of £1.18m (5.2% of adjusted income)	Achieved	£1.69m (7.2% of adjusted income *)
To achieve an ESFA financial health rating at the higher end of "Requires Improvement" in 2023/24	Achieved	Expected ESFA health grade of "Good" achieved
To invest in our staff at a time of significant increases in the cost of living by granting a 5% pay award	Achieved	6.5% pay award made, supported by unbudgeted sector-wide funding
Maintaining the confidence of our key financial stakeholders, the DfE and our bank.	Achieved	Strong, positive relationships maintained.
To continue making progress towards long term financial sustainability	Achieved	The College's cash position continues to improve, as demonstrated by an increased current asset ratio.

** Adjusted income excludes income from the release of deferred capital grants*

Strategic Report (continued)

Financial Summary – excluding pension accounting adjustments

		2023/24 (£'000)	2022/23 (£'000)
Total Income		24,625	21,855
Staff costs	*Note 1*	(15,813)	(13,984)
% total income		*64.2%*	*64.0%*
% adjusted income	*Note 3*	*67.1%*	*65.1%*
Non Staff costs	*Note 2*	(8,038)	(6,978)
Surplus / (deficit)		**774**	**893**
% income		*3.1%*	*4.1%*
Add back:			
Depreciation		1,991	1,186
Interest charges	*Note 2*	130	151
Interest income		(134)	0
Release of capital grants		(1,073)	(369)
EBITDA (education specific)		**1,688**	**1,861**
% total income		*6.9%*	*8.5%*
% adjusted income	*Note 3*	*7.2%*	*8.7%*

Note 1: *Excludes FRS102 pension credit £480k (2022/23 credit of £10k)*
Note 2: *Excludes interest on defined pension liability of £65k (2022/23 £115k)*
Note 3: *Adjusted income excludes income from the release of deferred capital grants*

The financial results as presented above reflect the College's management reporting, which is driven by ESFA targets and best practice financial reporting. The main adjustments to the presentation in the Annual Report comprise:

i) the exclusion of interest and finance charges relating to pension accounting adjustments, and
ii) the exclusion of income from the release of capital grants.

EBITDA comprises Earnings Before Interest, Tax, Depreciation and Amortisation. It is a key financial metric for the College as it is one of the main criteria used by the ESFA to determine our financial health. The reconciliation between Financial Surplus and EBITDA is set out above.

Interest and other finance costs shown above comprise loan interest of £130k (£151k in 2022/23). The Statement of Comprehensive Income also includes Interest on the College's defined pension liability of £480k credit this year (£10k credit in 2022/23).

Strategic Report (continued)

16-19 Student numbers

In 2023/24 actual enrolments of 16-19 funded students of 2,847 were marginally below our funding allocation of 2,877 (based on 2022/23 student numbers).

Income

Total income in 2023/24 has grown by £2.8m (13%) compared to the previous year predominantly as a result of the increase in the core funding rate for 16-19 students which rose in total by c.4.6% (i.e. the top funding band 5 increased from £4,542 to £4,753). An initial "inflationary" increase of 2.2% was announced for 2023/24, moving the top band to £4,642. However, following pressure from teaching unions and lobby groups regarding staff pay and the impact of the cost-of-living crisis, the Government announced in July 2023 that additional funding would be given (unusually) to both schools and colleges for 2023/24 and 2024/25. The additional funding for colleges has been paid through an increase in the core 16-19 funding rate and increases to other key funding factors, namely programme costs weightings (which provide an uplift for subjects that cost more to deliver) and disadvantage block 2 funding (which supports students with low prior attainment in English and maths). The core funding rate for 16-19 students was consequently increased by an additional 2.4% from £4,642 to £4,753.

Prior to the pandemic, the College had a strong track record of fully delivering its significant Adult Education Budget (AEB) allocation, which has seen growth in recent years to £1.8m. Actual delivery fell in 2022/23 to £1.5m due to the legacy impact of the Covid restrictions and changes in funding methodology. However, AEB delivery has increased this year, predominantly as a result of our Quickstart adult employment services and distance learning provisions which have performed strongly. The College has therefore over-delivered it AEB allocation by some 7%. Given that over-delivery will be funded up to 110% of contract, this additional funding will be received in the new academic year.

The College runs an onsite nursery, Highwood, for under 2s up to pre-school children at the main Brockenhurst campus. Following Covid-related disruption in 2021/22, the nursery has now rebuilt its reputation, and the number of children has recovered to pre-Covid levels. The nursery is now operating near to capacity and has seen income increase in the year by £160k to £485k (being +49%).

The "Release of Capital Grants" is an accounting, non-cash entry that reflects the spreading of grant income (received in the past) over the life of the asset that it was used to fund. Following amendments to the period over which such income is spread, an additional £0.5m of capital grant income has been reported in this year's accounts relating to prior periods.

As a result of an improved cash position, and the increase in interest rates, for the first time the College has placed funds on deposit with Barclays: £2m were placed in July 2023 and £1m in February 2024. Full year interest income of £134k has been earned.

Strategic Report (continued)

Staff costs

Adjusting for FRS102 pension charges, staff costs increased in the year by £1.8m (12.9%) principally as a result of staff pay awards made in the year. In recognition of the ongoing high levels of inflation in the UK and the resulting impact on the cost of living, the College budgeted for a 5% pay award to all staff from the start of the 2023/24 academic year. This was implemented in August 2023.

In July 2023, following pressure from teaching unions and lobby groups regarding staff pay and the impact of the cost-of-living crisis, the Government announced that additional funding would be given to both schools and colleges for 2023/24 and 2024/25. The additional funding allocated to the College for 2023/24 is £0.7m. These additional funds have been fully utilised to support the following additional staff pay awards:

- A 1.5% further pay award for all staff in 2023/24. The pay award was implemented in December 2023 and backdated to August 2023 at a total cost this year of £0.2m.
- A £1,000 (pro-rata) one-off discretionary bonus for all staff, paid in April, at a total cost £0.4m.
- Pay scale adjustments supporting a new minimum qualified teacher starting salary of £31,000 and other departmental market corrections, at a total cost this year of £0.1m.

At 67.1% of adjusted income, the staff costs ratio, a key sector benchmark, remains marginally above sector best practice and reflects staffing efficiencies from increased group sizes.

The tight control of staffing costs is critical to the College managing its full year payroll costs. A major exercise is undertaken at the start of each academic year to align staffing resources with actual enrolments.

Pension costs

Most College staff are members of either the Teachers' Pension Scheme (TPS), or the Local Government Pension Scheme (LGPS) run by Hampshire County Council.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) employer contribution rate increased in September 2019 from 16.5% to 23.6%. This was a 43% increase and increased the College's annual staff costs by £475k. This increase has since been covered by ESFA grant funding.

The next triennial Teachers' Pension revaluation was completed in 2023 and resulted in the employer contribution rate being increased again from 23.6% to 28.7%, and took effect from April 2024. This is a relative increase of 21.6% and represents additional costs of £0.3m p.a. for the College which has also been covered by the ESFA grant funding. The DfE has announced that this increase will be funded until the end of the 2024/25 academic year. Clarity regarding funding after this date has yet to be provided.

Local Government Pension Scheme

In 2019/20 the Hampshire LGPS classified the College as a "high risk" employer due to our not being a public sector organisation which is guaranteed by the government. As a result, the College has been subject to a risk premium whereby LGPS employer contributions have been significantly increased compared to those of public sector organisations. In 2019/20 our employer contributions (primary contributions) were increased from 18% to 25% and annual deficit reduction payments (secondary contributions) to £220k from April 2022. Together, these represent a contribution level of 30.7%

The next triennial valuation was based on March 2022 and revised contribution rates took effect from April 2023. The College's primary employer contribution rate increased to 27.1%, and secondary contributions reduced marginally to £0.2m. Together these now represent a contribution level of 32%.

The College's overall Hampshire employer LGPS contributions for 2023/24 were £1.4m. It should be noted that public sector employers in the Hampshire LGPS scheme pay contributions ranging between 14%-20%. Our annual risk premium can therefore be quantified at £400k-£450k p.a.

Strategic Report (continued)

Following the reclassification of FE Colleges as public sector bodies in November 2022, the Hampshire LGPS have stated that they would be able to re-assess the College's risk level and potentially reduce the risk premium that the College is required to pay. At the time of writing the Government is proposing to put in place a Crown Guarantee in favour of FE colleges' LGPS liabilities. Should this be accepted, it is likely that the College's risk premium will be reassessed and ultimately reduced. No confirmation or timeline has yet been determined for this change.

Harpur Trustees v Brazel

Following the outcome of a long-running employment tribunal case regarding holiday pay entitlement for part-year staff (Harpur Trustees v Brazel), it has been concluded that all permanent staff are entitled to 5.6 weeks' holiday each year, even if they only work part-year (e.g., term-time only). This is a complicated issue impacting all sectors and employers. To reflect potential claims resulting from this ruling, the College has estimated a potential historical liability of £150k, which was provided for in the accounts in 2022/23.

Operating Expenses

Operating expenses have seen an increase in the year reflecting the underlying inflationary pressures across the general economic environment. The College has notably seen inflationary pressures across the main operating expenditure areas of energy costs, IT infrastructure and exam fees.

Wholesale gas and electricity markets experienced a price shock in 2022 due principally to the war in Ukraine which began in February 2022 and impacted markets well into 2022/23. The College's utility contracts for electricity and gas had previously been fixed on low tariffs which expired in December 2022. The College was therefore forced to take out new contracts from 1 January 2023 which would reflect the recent major price increases. Whilst the market has improved since the peak in summer 2022, the College has nevertheless seen a £0.3m increase in its annual energy costs since before the market increases.

The cost of exam registrations and certificates is a significant area of expenditure for the College; full year spend being £0.8m. Exam awarding bodies are organisations driven by profitability targets and are at liberty to drive annual price increases due to their monopolistic market positions. Prices of our main awarding bodies have increased in 2023/24 year as follows: Pearson +c.6.8%, OCR +c.6.9%, and AQA (England's largest exam board) implemented price rises of between 4% and 16.5%. There are no price controls on exam fees and such opportunistic price increases continue to put pressure on colleges' budgets.

The College leases a number of its sites, namely the Marchwood Skills Centre, Fusee House (New Milton) and a number of office units at The Basepoint Office complex (Southampton). To reflect the potential liabilities payable at the expiry of the respective leases, the College has previously set up substantial dilapidations provisions totalling £0.8m, which have been increased this year to reflect inflationary increases in related building costs.

EBITDA

The financial metric of Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) is now fully embedded as a key metric by the College in response to the requirements of its key financial stakeholders, namely the ESFA. Key criteria of the ESFA Financial Health Rating are EBITDA as a percentage of adjusted income and EBITDA as a percentage of borrowings.

At £1.69m EBITDA for the full year, being 7.2% of adjusted income, the College has achieved its planned level of financial operating performance, and it is expected that this result will support an ESFA financial health rating of "Good".

Strategic Report (continued)

CASH FLOWS, LIQUIDITY AND FINANCING

The overall cash position of the College remained broadly unchanged in the year, improving marginally to £6.8m. The principal elements of the College's cashflow during the year were operating cashflow inflow of £1.3m, payments to acquire fixed assets of £2.2m partially offset by receipts of capital grants £1.5m, and debt service of £0.3m.

Borrowing Arrangements

On 30 November 2022, the Office for National Statistics reclassified all Further Education college corporations as public sector institutions. Colleges were therefore required with immediate effect to meet the requirements of the Managing Public Money (MPM) framework. A notable condition of the MPM framework is the restriction in commercial borrowing. The College was therefore no longer permitted to source finance from its lending bank, Barclays, but successfully refinanced the entirety of its commercial loans of £2.8m with the DfE on March 31, 2023. The College's loans are now £2.4m as at 31 July 2024.

The main conditions of the loans comprise equal quarterly repayments of loan capital until January 2036, with no covenant requirements or security being held over the College's assets. It is of note that the DfE loan facility is subject to an interest rate that is fixed annually on 1 April each year, the recent rates being 4.97% for the period 1 April 2023 - 31 March 2024, and 5.6% from 1 April 2024 – 31 March 2025.

Developments and capital projects

Tangible fixed asset additions during the year amounted to £2.2m, the majority of which reflects the Post 16 Capacity Fund new build project to create a SEND Independence Hub and Foundation Studies Centre on the Brockenhurst campus.

Post 16 Capacity Fund

This fund is to support expansion (new build) capital for FE Colleges in response to the current and forecast demographic increase in 16-19 learners. The College was successful in its bid to support the construction of a new SEN Independence Hub and Foundation Studies Centre adding 1,200m^2 of classroom space to the Brockenhurst main campus. The £4.9m project comprises a £4.0m capital grant from the DfE and match funding of £0.9m from Hampshire Council. The match funding provided by Hampshire Local Authority is part of their pilot project to create a number of SEN Hubs to develop independent living skills within colleges throughout Hampshire.

The project achieved practical completion on 31 August 2023 and came into use in time for the start of the 2023/24 academic year.

Local Skills Improvement Plans (LSIPs)

The Government White Paper "Skills for Jobs" has the key aim of strengthening links between employers and FE providers. Under the Skills Accelerator initiative it has called for collaborative projects which are employer led (Local Skills Improvement Plans "LSIPs") and projects led by FE colleges (Strategic Development Funds "SDF").

The College has therefore partnered with a number of Hampshire educational organisations and successfully won funding to support LSIPs targeting the areas of Creative Media and Productions Arts, Maritime and Freeport Services Sectors and Health and Social Care. The projects will develop, expand and enhance the relevant provision across the region and equip learners with the practical skills and knowledge required for successful careers. The College has been awarded capital funding of £0.3m to invest in equipment, IT and facilities to support employer led skills.

Strategic Report (continued)

Institute of Technology

The College is part of a successful bid to develop an Institute of Technology in collaboration with South Coast based universities, colleges and training providers. The College is therefore part of the South Coast IoT (SCIoT) project led by Solent University and South Hampshire College Group. Our specialism is the development of Level 3 Marine Engineering and Pre-Cadetship courses, which commenced in September 2023. As part of the IoT we have been allocated funding of £0.4m which has been invested in specialist equipment related to delivering these courses, being primarily specialist training equipment, marine engines and lathes.

In response to the move to digital teaching and learning, the College continues to invest in IT infrastructure and resources, notably in the provision of internet capacity and wifi upgrades, classroom delivery enhancements (smart screens) and mobile computing devices (laptops, tablets, graphic tablets, microphones, webcams etc). In terms of cybersecurity, the College continues to develop its overall resilience through investment in firewalls, switches and the adoption of multi-factor authentication, and upgrading its computing software to Windows 11.

Reserves

The College has net assets of £12.4m (2022/23 - £11.6m), excluding the defined benefit pension obligations relating to the Local Government Pension Scheme (LGPS) which is offered to non-teaching staff. The latest accounting valuation of the College's LGPS has resulted in a net asset valuation of £2.6m (net asset of £1.1m at 31 July 2023). The College has, however, chosen to continue to adopt a prudent position and to not report the asset in the accounts for 2023/24. As this net asset position is only an interim accounting valuation and is unlikely to result in reduced contributions payable to the scheme it has not been deemed prudent to reflect it as an asset as at 31 July 2024.

Future Prospects

Financial Plan for 2024/25

The College Governors approved a financial plan in July 2024 which sets objectives for the 2 years to July 2026. In light of the continuing pressures on staff pay and operating expenditure, the College aims to achieve an EBITDA of £1.1m in 2024/25, which would result in a continued ESFA financial health rating of "Good".

Student Growth

16-19 student applications have been broadly similar to the previous year in the lead up to 2024/25, and the College's start of year enrolments have indicated that overall 16-19 student numbers will remain broadly unchanged in 2024/25.

Senior Leadership team

Judith Munro (currently Assistant Principal, Learning and Quality) was successfully appointed to the new role of Deputy Principal, Curriculum and Quality in July 2024 and will be assuming her new responsibilities in January 2025. At the time of writing, the 2 vacant posts of Assistant Principal for Curriculum, Quality and Development and Assistant Principal, Partnerships and Skills have been successfully filled, with a start date of January 2025.

Simon Lovegrove (Vice Principal, Curriculum and Quality) left the College on 17 July 2024.

Strategic Report (continued)

Treasury policies and objectives

Treasury management is the management of the College's cash flows and banking transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The College treasury management policy is included within its Financial Regulations and has now been amended to comply with the requirements of the Managing Public Money framework.

Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. The College's reserves include £nil (2022/23: £nil) held as restricted reserves. As at the balance sheet date the Income and Expenditure reserve stands at positive £6.9m (2022/23: positive £6.0m).

As a result of the interim accounting valuation as at 31 July 2024 being positive, no value has been included for local government defined benefit pension obligations. This is in line with the accounting treatment as at 31 July 2023. Total reserves also include a revaluation reserve of £5.4m (2022/23: £5.6m).

It is the Corporation's intention to increase reserves over the life of the Strategic Plan through the generation of annual operating surpluses.

Student funding

In 2023/24 the College delivered 16-19 provision in line with its programme funding, which is based upon prior year learner numbers. This reflects the fact that learner numbers remained broadly stable in the year.

The 16-19 base funding rate per full time student has a significant bearing on the financial results of the College. Whilst a 1.89% increase has been implemented for 2024/25, this remains below the consumer price index level of inflation, which stood at 2.2% at the start of 2024/25 and contrasts sharply with ongoing increases in supplier contracts such as IT, general services and exams which range from 5% to 20%.

It remains hugely disappointing that the new Government has decided to actively exclude the FE sector from the additional financial support it is providing to school and academies to support a 5.5% increase in staff pay.

Strategic Report (continued)

Student Achievement

A key quality measure tracked and reported by the College is student achievement. This measure is a combination of both pass rate and retention rate. Achievement rates are compared against similar provider groups and also national educational averages.

- All achievement rates for 16-19, 19+ and All Ages are at least 1% point or more above the provider group (General FE Colleges) and All Provider national averages.

- The achievement rate for 16–19 provision has improved significantly by over 5% points, consisting of a 2.9% points improvement in retention and a 2.9% improvement in pass rate. A significant improvement of 6.4% points at Level 2, taking Level 2 provision to 8% points above national averages, whilst an improvement of 5.3% points at Level 3, brings Level 3 16–19 provision in line with achievement rate national averages.

- The 16–19 A level achievement rate has improved by 5% points and at 78.6%, is in line with the provider group national average, and within 3.6% points of the national average of 82.2%. This is the result of a 4.2% increase in the retention rate which is now 83% (national average = 85.3%) and a 1.2% increase in the pass rate which is now 97.7% (national average = 96.4% and Joint Council for Qualifications pass rate = 97.5%).

- Pass rates for 16–19 Level 3 Extended Diploma qualifications (3 A Level equivalent) are strong as is the high grade rate which is 75%.

- GCSE English and maths provision is very strong. In GCSE English the 9-4 pass rate is 47.6% compared to a national rate of 20.9%; the 9-4 rate for GCSE maths is 33.4% compared against a national rate of 17.4%.

- The Basic Skills Maths and English pass rate continues its three-year trend of improvement, being 70.8% in 21/22, 74.3% in 22/23 and 79.1% in 23/24. The retention rate has held constant at 88%, but the significant improvement in pass rate means that the achievement rate has also improved by 3.6% points and at 69.7% is 1% point above the provider group national average of 68.7%.

- Apprenticeship achievement rates saw a significant increase from 41.4% to 54.5% and is within 3.3% points of the national average (although at 57.8% this national average is considered too low).

- The College underwent a full enhanced inspection in November 2023, under Ofsted's Education Inspection Framework, achieving good for overall effectiveness, and good ratings across all key judgements – quality of education; behaviour and attitudes; personal development and leadership and management, and good across all provision types – education programmes for young people, adult provision, apprenticeship provision, and provision for learners with high needs.

Strategic Report (continued)

Curriculum developments

Sixth Form: 16–19 Provision

The College has continued the development of its offer at all levels of learning. A new pre-cadetship programme provides learners with the foundation required for direct entry onto the Level 3 Pre-cadetship course was introduced and was extremely successful. As a result, students are able to pursue to a career in the Merchant Navy or an apprenticeship in Marine Engineering or Marine Manufacturing, a priority skills area for the region.

Adult: 19+ Provision

The College offers a very wide range of programmes for adults, particularly programmes for the unemployed through the College's Quickstart provision at its offices in Basepoint, Southampton. This is an outstanding provision with high volume and high quality. In 2022/23 the College introduced new professional qualifications in the priority area of accountancy and this provision continued to grow in 2023/24.

SEND

The demand for Special Educational Needs and Disabilities (SEND) and high needs provision and Education, Health and care Plan (EHCPs) is rising nationally, with the number of children and young people with EHCPs increasing annually. In Hampshire and the surrounding areas this trend is expected to continue and efforts are being made to support this growing demand through various initiatives and resources, including our partnership with Hampshire County Council and its co-investment in our new Independence Hub.

The College delivers a large high needs learner programme and has increased its intake of learners with Education Health and Care Plans. In 2023/24 the College supported in excess of 180 High Needs learners. Funding is obtained through both a central contract with the ESFA, and the learner's Local Authority.

Higher Education

The College has a small and high quality HE provision focussing on Early Childhood and Health.

The development of the College's curriculum strategy which underpins the College's new Strategic Plan 2024–2029 is of crucial importance for the 24/25 academic year and will outline how the College's curriculum offer will meet the needs of learners, as well as the local, regional and national priorities at a time of significant qualification upheaval and the agenda of the new Labour government.

International

The College has continued to develop its international work and recruited in excess of 100 fee-paying international students in 2023/24. International students provide a very welcome cultural enrichment to the College's student body and are typically well represented on the Students' Union. The success of the College's international provision, as well as the quality of the College's safeguarding provision was praised in the College's most recent homestay inspection (February 2024) under Ofsted's Social Care Common Inspection Framework. The College achieved 'outstanding' across the three key judgements: overall experiences and progress of young people, taking into account how well young people are helped and protected and the effectiveness of leaders and managers.

The College also continues to provide training and quality assurance services to a partner school in Zhuhai, Southern China, which is in its 10th year. We have also recently secured a similar partnership with a school in Guangzhou, mainland China, to support the development of their A level offer.

The College remains a Confucius Classroom, a prestigious programme which supports schools and colleges in strengthening their Chinese language and cultural programme.

Strategic Report (continued)

Principal Risks and Uncertainties:

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation. Based on the strategic plan, the Senior Leadership Team (SLT) undertakes 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, the SLT will also consider any risks which may arise as a result of a new area of work being undertaken by the College. During each year members of the SLT will review the risk register on a regular basis and update the register when necessary.

A risk register is maintained at the College level which is reviewed termly by the Audit Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. The risk management process is supported by risk management training to raise awareness of risk throughout the College.

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

At the time of this Annual Report, the College's principal specific risks comprise the impact of the ongoing pressures staff pay, notably on retention and recruitment, and the impact of the Level 3 reforms whereby the introduction of T Levels will lead to the defunding of existing qualifications:

Principal Risk	Mitigation
Failure to attract quality staff due to uncompetitive and inadequate pay rates. Failure to manage the operational impact of staff leaving the College in search of better paid employment.	Benchmarking with other Colleges to understand competitive landscape. Recent pay awards offering market adjusted pay rates. Additional funding from DfE permitting meaningful ongoing and one-off pay award in 2023/24. Highlighting positive working conditions and strong employee benefits (pension, holiday). Review of pay scales.
Failure to manage the operational and financial impact of the introduction of T Levels and the potential defunding of existing Level 3 qualifications (e.g. BTECs).	Following a governmental review of Level 3 BTECs and other applied general qualifications in England, it has been proposed that a twin-track system of T levels and A levels be introduced at Level 3 where most young people pursue one of these qualifications at the age of 16. As a result, funding for many BTEC and similar vocational qualifications will start to be removed, albeit not until 2025. The new administration has recently announced a review of the scope and timing of such defunding, the findings of which will not be known until December 2024. The College is therefore actively reviewing the impact on its existing provision and has agreed at SLT a strategic approach to addressing the resulting changes to funding when more certainty emerges.

Strategic Report (continued)

	RISK	MITIGATION
1	Failure to address structural deficit	• Termly Resources Committee meetings to review and monitor financial health of the College • Responsive cost plan in place to react to changes in income • Effective, regular management accounts to monitor actual v budget results • Devolution of budgetary responsibility to Heads of Curriculum and departmental managers
2	Failure to ensure financial information, business planning and controls are sufficiently robust to allow Governors and SLT to make informed decisions	• Financial reporting systems and controls strengthened and improved since implementation of Recovery Plan • Termly Resources Committee meetings to monitor implementation of new College financial systems • Audit committee to review Internal Auditors reporting of financial systems and controls • Audit Committee to review Senior Management and Auditors reporting of WESS performance against financial information, systems and control KPIs
3	Failure to meet College income targets for new markets and products	• Developing and reviewing Commercial Strategy • Developing and reviewing International Strategy • Developing and reviewing Local Community Strategy • Developing Commercial expertise • Developing robust business cases for new ventures including financial analysis
4	Failure to develop existing markets, specifically 19+ Apprenticeships and Tuition Fees	• Developing and reviewing 16-19 Strategy as part of Commercial Strategy • Developing and reviewing International Strategy • Developing pre-Apprenticeship and Apprenticeship programs • Developing and reviewing plans to maximise income from all existing markets • Put in place robust business planning and actual monitoring of tuition fee income
5	Failure to forecast and deliver learner number targets	• Maintain robust procedure for student recruitment with student numbers targets • Efficient admissions system modelled with curriculum mix of F/T to P/T students • Ensure start of year process operates as smoothly as possible • Maintain robust student record system • Increase liaison with schools • Developing a compelling argument for students to come to Brock • Distribution of quality prospectus • Regular ILR reporting • Monitoring class sizes • Regular student application reports and forecasts • Development of Property Strategy • Implementation of ‘keeping warm’ strategy post interview • Extension of schools liaison activity supported by new legislation to require schools to allow access for colleges

Strategic Report (continued)

	RISK	MITIGATION
6	Failure to deliver plan to mitigate Public Funding reductions	• Development of new Income Streams and Full Cost Income streams • Development of Fund-Raising Strategy • Rigorous budget setting • Financial forecast sensitivity analysis • Timely Management Accounts including prompt key performance indicators • Benchmarking with other Colleges
7	Failure to recruit international students including in-country delivery, changes in visa requirements and to retain highly trusted status with the UK Border Agency	• Development of International Strategy including key staff • Lobbying support through AoC and government contacts • Monitoring Financial Forecasts • Utilise expertise consultancy services • Timely Management Accounts including key performance indicators • Audit of International student enrolment and attendance procedures
8	Failure to maintain or improve Success Rates for all groups of learners	• Rigorous advice and guidance during enrolment process • Smooth start of the year process • Identification of 'at risk' students within three weeks of start of course • Provision of timely and accurate detailed data to ensure accountability at all levels • Timely monitoring of retention and other key performance indicators by all staff • Use of Insight MIS system by all Curriculum Managers • Monitoring results and achievement through Self-Assessment and action planning at staff and departmental levels • Rigorous Self-Assessment Report (SAR)/Quality Improvement and Development Plan (QIDP) process • Monthly reports reviewed at Senior Leadership Team meeting
9	Failure to avoid a serious breach of health and safety	• Health & Safety policy implemented • Health & Safety Audits completed regularly • Central Register for Risk Assessments and monitored by Health & Safety Adviser • Adequate documentation • Security policies • Use of external advisers • Student induction to include departmental H&S procedures • Specialist training
10	Failure to achieve Good or Outstanding OFSTED inspections	• Training Sessions held for all staff and Governors to ensure awareness of latest OFSTED framework • Voluntary inclusion in pilot OFSTED inspection to test understanding of latest framework • Working Draft SAR prepared by mid-October • Regular Senior Leadership Team meetings with Heads of Curriculum • Assistant Principal - Quality role as part of Leadership team
11	Failure to recruit quality staff	• Recruitment and selection procedures • Pay Policy including regular review of pay rates • Benchmarking with other Colleges • Resource planning • Utilising timely the appropriate recruitment mechanisms e.g. international staff

Strategic Report (continued)

	RISK	MITIGATION
12	Failure to ensure that the start of year process runs efficiently	• Produce plan for start of year activities • Ensure relevant systems are up to date • Ensure staff are trained to use relevant systems and processes • Produce timetable for completion of plan and communicate to all staff • Develop process for providing advice and guidance to students impacted by need to pursue alternative options
13	Adverse Impact of any College reorganisation of structure and systems on high quality teaching and learning and support for learners	• Continue to give full scrutiny to the implementation of the College QIDP • Ensure full regard is taken with the reorganisation of structure and systems to maintain strong educational provision • Monitor closely quality KPIs • Ensure Governors continue to give full scrutiny to quality improvement • Ensure College maintains Ofsted readiness • Communication
14	Failure to plan and develop existing resources and accommodation through lack of Capital Investment	• Updating Property strategy • Resourcing plans linked to curriculum requirements • Rigorous budget setting process • Fundraising strategy developed • SAR process • Develop Sustainability strategy
15	Failure to maximise income generated from College activities	• Rigorous budget setting • Regular monitoring and corrective action • Regular financial forecasts with sensitivity analysis and contingency planning • Clear ownership of income targets • Robust financial regulations and procedures
16	Failure to deliver efficiency savings	• Rigorous budget setting • Identifying key strategies including procurement and shared service activities • Regular review of all departmental costs • Regular monitoring of class sizes • Ensuring monthly management accounts are provided timely and accurately • Regular financial forecasts with sensitivity analysis • Curriculum Planning is undertaken
17	Failure to manage severe business disruption, including fire, severe weather disruption and industrial action over a prolonged period of time	• Daily backup of IT systems and College data • Whole College closure plan • Critical Incident Plans including Lockdown procedure • Disaster recovery/emergency plan • "Key staff" cover contingency plans • Staff awareness

Strategic Report (continued)

	RISK	MITIGATION
18	Failure to manage change effectively, including impact of curriculum changes, major systems projects and major capital developments	• Develop and implement change activities • Staff awareness and behaviour change activity • Development of Change Management Plan for each key activity • Contingency planning appropriate processes and legislation • Change management consultation and training • Development of Project Management skills
19	Failure to protect against the loss of data and maintain ongoing operations including educational provisional and digital communications as a result of a cybersecurity breach.	• Standard cyber-security measures in place. Ongoing review of College measures against best practice. • Adoption of Cyber Essentials certification in collaboration with JISC (provider of internet network and services) • Insurance in place to guard against financial risk.
20	Failure to comply with GDPR legislation and avoid financial and reputational penalties.	• GDPR Data Protection roles and responsibilities in place • Internal audit reviews • Staff training.

Payment performance

The College policy is to pay all invoices that have been authorised for payment in line with payment terms. The College incurred no interest charges in respect of late payment for this period.

Equality, Diversity and Inclusion

Brockenhurst College is committed to improving equality, eliminating all forms of discrimination, proactively promoting equality and creating an inclusive environment for all who learn and work in our organisation. This commitment is embedded within the Vision, Core Purpose and Key Priorities of the College.

Brockenhurst College aims to be recognised as a leader of equality, diversity and inclusion in its work and held as an example of good practice. We respect and celebrate the diversity of our provision, students, staff, governors and visitors. As a college we seek to eliminate direct discrimination, indirect discrimination, victimisation and harassment.

The College will fulfil its duties to promote equality of opportunity and avoid discrimination in relation to the Equality Act 2010 and the public sector equality duty it describes. It places the promotion of equality and diversity at the centre of our work, both as a provider of education, training and homestay accommodation, and in our action as an employer.

Brockenhurst College is committed to equality and prides itself on its reputation of inclusion for staff and learners. Brockenhurst College's mission is "to help people make the most of their lives through learning" and as such we aim to ensure that learners, their parents/guardians/carers, staff, visitors, corporation members and suppliers are treated with dignity, respect and equity, regardless of their individual protected characteristics namely age, disability, gender re-assignment, marriage and civil partnerships, pregnancy and maternity, race, religious or belief, sex and sexual orientation.

As a College we aim to create a culture of inclusion and to challenge discrimination in order to remove barriers to ensure everyone achieves their potential, as such we are committed to providing the highest quality education and training for all. The diversity of its membership enriches that learners' experience and creates a welcoming environment for all.

Strategic Report (continued)

We commit to an inclusive educational environment through:

- Acknowledging and celebrating diversity
- Respect for others
- Promotion of British Values
- Compliance with legislation
- Support for learners to develop their full potential
- Actively challenging stereotypes, prejudiced attitudes and discriminatory behaviour
- Zero tolerance of bullying, harassment, victimisation and discrimination
- Support for the College community to develop moral, cultural and self-awareness
- Neutral language concerning protected characteristics
- Accountability of College members for compliance with this policy

Disability statement

The College seeks to achieve the objectives set down in the Equalities Act 2010.

- The College employs an Assistant Principal and Curriculum Managers with responsibility for learners with learning difficulties and disabilities and employs a range of specialist staff to support learners with moderate and severe learning difficulties and/or disabilities (LLDD), who provide information, advice and arrange support where necessary for students with disabilities.
- A range of assistive technology is available in the College and from the College's Additional Learning Support Teams.
- The College has an admissions policy for all students which is available on the College website. Appeals against a decision not to offer a place are dealt by the Assistant Principal for Learners.
- The College has made a significant investment in the appointment of learning support assistants to support students with learning difficulties and/or disabilities. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- The College has a good reputation for providing discrete specialist programmes, details of which can be obtained from the relevant Assistant Principals and Curriculum Managers.
- Counselling and welfare services, along with the College's Complaints and Disciplinary procedures, are described in the student induction pack, which is issued to every student at induction.

Strategic Report (continued)

Trade union facility time

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

Number of employees	5.0
FTE Employee number	4.3

Percentage of time	Number of employees
0%	5
1-50%	0
51-99%	0
100%	0

Total cost of facility time	£16,396
Total pay bill	£15,278,607
Percentage of total bill spent on facility time	0.11%
Percentage of trade union activities as % of total paid facility time	0%

Going Concern

The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes. Key points to highlight are:

- After adjusting for holiday pay provision of £0.9m, the College currently has net current assets of £3.4m, an improvement of £1.1m over the last 12 months.
- The College's cash position has steadily improved over the last few years and now stands at £6.8m, being an increase of £0.2m in the year.
- Total indebtedness is £2.4m. Following the restrictions on commercial borrowing imposed by the reclassification of college corporations as public sector institutions announced in November 2022, alternative borrowing arrangements were put in place and the entirety of the College's commercial loan facilities was refinanced with the DfE. The loans are amortised over 13 years.

It should be noted that, unlike the agreement with Barclays, the new DfE facility does not require a charge over the College's assets nor compliance with any financial covenants.

Detailed projected cashflow information has been prepared for the period ending 12 months from the date of the approval of these financial statements. Such projections incorporate the latest trading forecasts and the new borrowing arrangements granted by the DfE.

The Corporation has concluded that the College will have sufficient liquidity to meet its payment obligations as they fall due. The financial statements have therefore been prepared on the going concern basis.

Events after the reporting period

None noted.

Strategic Report (continued)

Disclosure of information to auditors

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

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

B Hogg

Chair

Date: 10 December 2024

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 01 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"); and

In the opinion of the Governors, the College mainly complies with the provisions of the Code, and it has complied throughout the year ended 31 July 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 December 2023, which it formally adopted in principle on July 2024. 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.

Statement of Corporate Governance and Internal Control (continued)

The Corporation

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

Governor	Date of Appointment	Term of office	Date of resignation OR End of term	Status of appointment	Committees served	Attendance in 2023-2024
Prof A Neill (Chair of the Board)	Sept 2014-2018 Sept 2018-2022 Sept 2022-2024	4 yrs 4 yrs 2 yrs	 Term extended (exceptional circumstances) 2 years - **2024**	External	Quality & Curriculum (Chair) Resources Strategy, Governance & Search Remuneration	100% 67% 67% 100%
Mr J Hiley-Jones	July 2015-2019 July 2019-2023 July 2023-2025	4 yrs 4 yrs 2 yrs	 July 2023 Term extended (exceptional circumstances) 2 years - 2025	External	Governance and Search (Chair) Resources Remuneration	67% 100% 100%
Mrs D Hawkins	Dec 2015-2019 Dec 2019-2023	4 yrs 4 yrs	 **Dec 2023**	External	Audit Quality & Curriculum	100% 100%
Mr G Cooper	March 2018-2022 March 2022-2026	4 yrs 4 yrs	 March 2026	External	Quality & Curriculum Audit Remuneration	67% 50% 100%
Mr I Fry	March 2018-2022 March 2022-2026	4 yrs 4 yrs	 **Resigned May 2024**	External	Resources (Chair)	67%
Mr S Williams	March 2022-March 2026	4 yrs	March 2026	External	Audit Quality & Curriculum Strategy, Governance & Search Remuneration	100% 100% 100% 100%
Mr R Dunford	Dec 2021 – Dec 2025	4 yrs	 Dec 2025	External	Resources	67%
Ms X Li- Bloodworth	July 2021-July 2025	4 yrs	 July 2025	Staff (Professional services)	Quality & Curriculum	100%

Statement of Corporate Governance and Internal Control (continued)

Governor	Date of Appointment	Term of office	Date of resignation OR End of term	Status of appointment	Committee served	Attendance in 2023-2024
Ms V Essex	Dec 2022 – Dec 2026	4 yrs	Dec 2026	External	Audit Quality & Curriculum	100% 100%
Ms H Odhams	Ex-officio Appointed June 2023			Principal	Quality & Curriculum Resources Strategy, Governance & Search	100% 100% 100%
Ms C Cooke	Dec 2020-Dec 2024	4 yrs	**Resigned January 2024**	External	Audit Strategy, Governance & Search Remuneration	0% 100% 100%
Ms L Bell	Dec 2022-Dec 2026	4 yrs	Dec 2026	Staff (Teaching)	Quality & Curriculum	100%
Mr J Ede	March 2023-March 2027	4 yrs	March 2027	External	Audit	100%
Ms J Jenkin	March 2023-March 2027	4 yrs	March 2027	External	Quality & Curriculum Strategy, Governance & Search	67% 100%
Ms M Baugh	July 2023-July 2027	4 yrs	July 2027	External	Resources Remuneration	100% 100%
Mr D Dunbabin	July 2023-July 2024	1 year	**End of term July 2024**	Student Governor	Resources	33%
Mr A Ledger	July 2023-July 2024	1 year	**End of term July 2024**	Student Governor	Resources	33%
Mr B Hogg	May 2024-May 2028	4 yrs	May 2028	External	n/a	n/a

Statement of Corporate Governance and Internal Control (continued)

The following training was attended by the College's Governors and Clerk to the Corporation during 2023/24:

Date	Type of Training	Topics
GOVERNOR TRAINING		
September 2023	Annual update (DfE)	Statutory Safeguarding guidance – 'Keeping Children Safe in Education' reading material issued by the DfE.
10/12 October 2023	Induction for new Governors (Clerk)	Role and Responsibilities of Governors
Mandatory Online Training To be completed every 2 years – ongoing as and when required	Operational Update (HR)	Safeguarding Prevent GDPR Equality and Diversity
November 2023 AoC Birmingham	Student Governor Training - Festival of Governance (AoC)	Develop leadership abilities Attend workshops that will focus on key skills and practical knowledge for governance.
5 December 2023	Strategic Planning Event	Ofsted Inspection 2023 reflections Political and educational landscape, vocational qualifications reforms, Skills agenda, Future funding landscape. Strategic thinking – college purpose, values and pillars Apprenticeships, Adult Education
5 March 2024	Strategy Session	Strategic Plan update and Local Skills Needs. Learning Walks and Student Forums
24 April 2024	Operational Update (SMT)	Funding and Finance Masterclass
4 May 2024	Informal Development	Open Event including briefing with student ambassadors
22 May 2024	Operational Update (SLT)	Prevent Safeguarding Health and Safety Risk Management
13 June 2024	Informal Development	Stewardship Day Lunch – meeting staff from around the College
Various dates	Sixth Form College Association Webinars	Understanding 2023 results Curriculum Strategy Insights for Board Leadership (3 parts) Artificial Intelligence SFCA update (update on policy and risk affecting the sector) Lessons Learnt (from Audit and assurance and reclassification) Board Development in Practice Succession planning External review of Governance Special Educational Needs

Brockenhurst College

Statement of Corporate Governance and Internal Control (continued)

The following training was attended by the College's Clerk to the Corporation during 2023/24:

DATE	Virtual (V) In Person (P)	COURSE	COLLEGE KEY BC= Brockenhurst College AoC= Association of Colleges ASCL= Assn School & Coll Leaders ETF= Education Training Foundation & - and another College
2023			
All year		Eversheds guidance as required	
All Year		Clerks JISC interaction and sector guidance	
4 Oct 2023	V	AoC SE Governance Professionals session	BC &
5 Dec 2023	P	BC Governor Strategy Day	BC
7 Dec 2023	V	AoC SE Governance Professionals session	BC &
2024			
All year		Clerks JISC interaction and sector guidance	
All year		Eversheds guidance as required	
7 Feb 2024	V	AoC SE Governance Professionals session	BC
25 Jan 2024	V	AoC Gov Profs conference	BC (Good)
5 Feb 2024	V	Wessex 6th Form Colleges Group Meeting	BC (Good)
7 Feb 2024	V	AoC SE Governance Professionals session	BC
20 March 2024	V	AoC SE Governance Professionals session	BC
21 May 2024	P	Strategy Day – Eversheds - *Legal Update and merger process*	
22 May 2024	V	Safeguarding Prevent Health & Safety and Risk	BC
15 June 2024	V	AoC SE Governance Professionals session	BC &

Statement of Corporate Governance and Internal Control (continued)

Mrs L Payne acts as Clerk to the Corporation

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets each term.

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 Resources, Remuneration, Strategy, Governance and Search, Quality and Curriculum and Audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

Brockenhurst College, Lyndhurst Road, Brockenhurst, Hampshire, SO42 7ZE.

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.

Subject to the procedure determined by the Corporation 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 Board 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 Board 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.

Appointments to the Corporation

Any new member appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Strategy, Governance and Search committee, consisting of five 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.

The Board appoints for 4-year terms of office, but where the Board feel they have an exceptional governor they may permit more than 2 terms of office.

Corporation performance

The Corporation carries out a self-assessment of its own performance each year, and for the year ended 31st July 2024 undertook the statutory three year Governance Review.

Remuneration Committee

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

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)

Audit Committee

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

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, 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 of input and report their findings to management and the 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 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.

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between Brockenhurst College and the funding bodies. She 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 designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Brockenhurst 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.

Statement of Corporate Governance and Internal Control (continued)

The risk and control framework

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

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

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

Risks faced by the Corporation

The Corporation identifies, evaluates and manages risk through a combination of the advice and scrutiny of the Audit Committee, reporting from the Senior Leadership Team and third-party expertise provided through external parties, such as internal audit services and specialist organisations (e.g. Information Technology).

The College has a strong Risk Management framework which allows operational, financial, compliance and other risks to be rapidly identified and addressed.

Control weaknesses identified

No significant internal control weaknesses or failures have arisen or been identified in the year.

Responsibilities under accountability agreements

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

Statement from the audit committee

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

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

- Review of Key Financial Controls (substantial assurance gained - no recommendations made)
- External Auditors' Management Letter (no significant internal control recommendations made)
- Regular review of OfS Action Plan (no weaknesses identified)
- Regular reviews of incidents of fraud (no internal control weaknesses identified)
- Termly reviews of the College Risk Register and Risk Management Policy

Statement of Corporate Governance and Internal Control (continued)

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. Her 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, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

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

The senior 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 Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2024 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2024 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2024.

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

Signed	**Signed**
Bob Hogg	Helen Odhams
B Hogg	**H Odhams**
Chair	**Principal and Chief Accounting Officer**

Statement of Regularity, Propriety and Compliance

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

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

Signed

H Odhams

Principal and Chief Accounting Officer

Date: **10 December 2024**

Statement of the Chair of Governors

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

Signed

B Hogg

Chair of Governors

Date: **10 December 2024**

Statement of Responsibilities of the Members of the Corporation

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

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

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

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

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

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

Members of the 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:

Signed:

Bob Hogg

B Hogg

Chair

Independent Auditor's report to the Corporation of Brockenhurst College

Opinion

We have audited the financial statements of Brockenhurst College (the 'College') and its subsidiaries (the 'Group') for the year ended 31 July 2024 which comprise the consolidated and college statements of comprehensive income, the consolidated and college balance sheets, the consolidated and college statements of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2024 and of the Group's and the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the governor's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and of 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 governors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Strategic Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Office for Students' Accounts Direction

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2023 to 2024 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.

Responsibilities of the Corporation of Brockenhurst College

As explained more fully in the Statement of the Corporation Responsibilities set out on page 35, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our 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.

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

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 College through discussions with governors and other management, and from our commercial 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 College, including Keeping Children Safe in Education under the Education Act 2002, Ofsted, ESFA and OfS regulatory requirements, data protection, anti-bribery, employment, environmental and 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 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.

Audit response to risks identified

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- reviewed all transactions listed;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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; and
- enquiring of management as to actual and potential litigation and claims

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 directors 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: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 10 November 2022. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Signed:

Alliotts LLP
Alliotts LLP (Dec 12, 2024 10:13 GMT)

Alliotts LLP

Chartered Accountants
One Ground Floor
3 London Square
Cross Lanes
Guildford
GU1 1UJ

Date 12/12/2024

Independent Reporting Accountant's Report on Regularity to the Corporation of Brockenhurst College and the Secretary of State for Education acting through the Education and Skills Funding Agency (EFSA)

In accordance with the terms of our engagement letter dated 10 November 2022 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 Brockenhurst 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 or devolved authority has other assurance arrangements in place.

Respective responsibilities of Brockenhurst College and the reporting accountant

The corporation of Brockenhurst 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 and propriety.

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

Accordingly, we do not express a positive opinion.

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

The work undertaken to draw our conclusion included:

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

This list is not exhaustive and we perform additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Code.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2023 to 31 July 2024 has not been applied to purposes intended by Parliament, that the financial transactions do not conform to the authorities which govern them nor have been improper.

Use of our report

This report is made solely to the Corporation and the Secretary of State for Education acting through the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation and the Secretary of State for Education acting through 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 and the Secretary of State for Education acting through the ESFA, for our audit work, for this report, or for the conclusion we have formed.

Alliotts LLP
Alliotts LLP (Dec 12, 2024 10:13 GMT)

Alliotts LLP

Chartered Accountants
One Ground Floor
3 London Square
Cross Lanes
Guildford
GU1 1UJ

Date 12/12/2024

Brockenhurst College

BROCKENHURST COLLEGE

Consolidated Statement of Comprehensive Income for Year Ended 31 July 2024

	Notes	Year ended 31 July 2024 Group £'000	Year ended 31 July 2024 College £'000	Year ended 31 July 2023 Group £'000	Year ended 31 July 2023 College £'000
INCOME					
Funding body grants	2	19,920	19,920	17,407	17,407
Tuition fees and education contracts	3	2,697	2,697	2,607	2,607
Other grants and contracts	4	29	29	103	103
Other income	5	1,979	1,934	1,738	1,706
Total income		**24,625**	**24,580**	**21,855**	**21,823**
EXPENDITURE					
Staff costs	6	15,333	15,307	13,989	13,974
Other operating expenses	8	5,917	5,836	5,680	5,628
Depreciation	11	1,991	1,991	1,186	1,186
Interest and other finance costs	10	65	99	266	279
Total expenditure		**23,306**	**23,233**	**21,122**	**21,067**
Surplus before other gains and losses		**1,319**	**1,347**	**733**	**756**
Loss on disposal of assets		-	-	-	-
Deficit before tax		**1,319**	**1,347**	**733**	**756**
Taxation		-	-	-	-
Surplus/(Deficit) for the year		**1,319**	**1,347**	**733**	**756**
Actuarial gain/(loss) in respect of pensions schemes	22	(545)	(534)	3,880	3,873
Total Comprehensive Income for the year		**774**	**813**	**4,613**	**4,629**
Represented by:					
Unrestricted comprehensive income		**1,319**	**1,347**	**733**	**756**
Restricted comprehensive income		**(545)**	**(534)**	**3,880**	**3,873**
		774	**813**	**4,613**	**4,629**
Surplus for the year attributable to: Group		**774**	**813**	**4,613**	**4,629**
Total Comprehensive Income for the year attributable to: Group		**774**	**813**	**4,613**	**4,629**

BROCKENHURST COLLEGE
Consolidated and College Statement of Changes in Reserves

	Income and Expenditure account	Revaluation Reserve	Total excluding non-controlling interest
	£'000	£'000	£'000
Group			
Balance at 1st August 2022	1,268	5,751	7,019
Brought forward balance from subsidiary undertaking	(48)	-	(48)
Surplus/(Deficit) from the income and expenditure account	733	-	733
Other comprehensive income	3,880	-	3,880
Transfers between revaluation and income and expenditure reserves	151	(151)	-
Total comprehensive income for the year	4,764	(151)	4,613
Balance at 31st July 2023	5,984	5,600	11,584
Surplus from the income and expenditure account	1,319	-	1,319
Other comprehensive income	(545)	-	(545)
Transfers between revaluation and income and expenditure reserves	151	(151)	-
Total comprehensive income for the year	925	(151)	774
Balance at 31st July 2024	**6,910**	**5,449**	**12,358**
College			
Balance at 1st August 2022	1,268	5,751	7,019
Surplus/(Deficit) from the income and expenditure account	756	-	756
Other comprehensive income	3,873	-	3,873
Transfers between revaluation and income and expenditure reserves	151	(151)	-
Total comprehensive income for the year	4,780	(151)	4,629
Balance at 31st July 2023	6,048	5,600	11,648
Surplus from the income and expenditure account	1,347	-	1,347
Other comprehensive income	(534)	-	(534)
Transfers between revaluation and income and expenditure reserves	151	(151)	-
Total comprehensive income for the year	964	(151)	813
Balance at 31st July 2024	**7,012**	**5,449**	**12,461**

Brockenhurst College

BROCKENHURST COLLEGE

Balance Sheet as at 31 July 2024

	Notes	Group	College	Group	College
		2024 £'000	2024 £'000	2023 £'000	2023 £'000
Fixed assets					
Tangible fixed assets	11	26,881	26,881	26,647	26,647
		26,881	**26,881**	**26,647**	**26,647**
Current assets					
Stocks		26	26	35	35
Trade and other receivables	12	401	421	832	872
Cash and cash equivalents	17	6,833	6,808	6,668	6,649
		7,260	**7,255**	**7,534**	**7,556**
Less: Creditors – amounts falling due within one year	13	(4,770)	(4,663)	(5,908)	(5,865)
Net current assets/(liabilities)		**2,490**	**2,592**	**1,627**	**1,691**
Total assets less current liabilities		**29,371**	**29,474**	**28,273**	**28,337**
Less: Creditors – amounts falling due after more than one year	14	(15,840)	(15,840)	(15,640)	(15,640)
Provisions					
Defined benefit obligations	22	-	-	-	-
Other provisions	16	(1,173)	(1,173)	(1,049)	(1,049)
Total net assets / (liabilities)		**12,358**	**12,461**	**11,584**	**11,648**
Unrestricted reserves					
Income and expenditure account		6,910	7,012	5,984	6,048
Revaluation reserve		5,449	5,449	5,600	5,600
Total unrestricted reserves		**12,358**	**12,461**	**11,584**	**11,648**

The financial statements on pages 42 to 69 were approved and authorised for issue by the Corporation on 10 December 2024 and were signed on its behalf on that date by:

B Hogg
Chair

H Odhams
Principal and CEO

Brockenhurst College

BROCKENHURST COLLEGE
Consolidated Statement of Cash Flows

	Notes	2024 £'000	2023 £'000
Cash inflow from operating activities			
Surplus/(Deficit) for the year		1,319	733
Adjustment for non cash items			
Depreciation		1,991	1,186
Releases of government capital grants		(1,073)	(369)
Decrease/(Increase) in stocks		9	5
(Increase)/Decrease in debtors		431	(108)
Increase)/(Decrease) in creditors due within one year		(1,122)	992
Increase/(decrease) in creditors due after one year		-	-
Increase in provisions		124	237
Pensions costs less contributions payable		(480)	(10)
Adjustment for investing or financing activities			
Interest payable		130	151
FRS 102 pension finance cost		(65)	115
Loss on sale of fixed assets		-	-
Net cash flow from operating activities		**1,264**	**2,932**
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	-
Receipt of government capital grant		1,463	5,980
Disposal of non-current asset investments		-	-
Withdrawal of deposits		-	-
New deposits		-	-
Payments made to acquire fixed assets		(2,225)	(5,598)
		(762)	382
Cash flows from financing activities			
Interest paid		(130)	(151)
Interest element of finance lease rental payments		-	-
New loan		-	-
Repayments of amounts borrowed		(207)	(230)
Capital element of finance lease rental payments		-	-
		(337)	(381)
Increase in cash and cash equivalents in the year		**165**	**2,932**
Cash and cash equivalents at beginning of the year	17	6,668	3,736
Cash and cash equivalents at end of the year	17	6,833	6,668
Increase		**165**	**2,932**

Brockenhurst College

BROCKENHURST 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 2023 to 2024* and in accordance with Financial Reporting Standard 102 – *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"* (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Basis of Consolidation

The consolidated financial statements include the College and its subsidiary undertaking, Wessex Education Shared Services Limited, using acquisition accounting. Intra-group sales, balances 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 financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes.

After adjusting for holiday pay provision, the College currently has net current assets of £3.4m, an improvement of £1.1m over the last 12 months. The College's cash position has steadily improved over the last few years and now stands at £6.8m, being an increase of £0.2m in the year.

Total indebtedness is £2.4m comprising loans with the Department for Education which were refinanced in March 2023 following the restrictions on commercial borrowing imposed by the reclassification of college corporations as public sector institutions announced in November 2022. The loans are amortised over 13 years.

Detailed projected cashflow information has been prepared for the period ending 12 months from the date of the approval of these financial statements. Such projections incorporate the latest trading forecasts and borrowing arrangements granted by the DfE.

Based upon the these projections, the Corporation has concluded that it is reasonable to assume that the College will have sufficient liquidity to meet its payment obligations as they fall due. The financial statements have therefore been prepared on the going concern basis.

Notes to the Accounts (continued)

Recognition of Income

Government revenue grants include funding body recurrent grants and other grants are accounted for under the accruals model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under- or over-achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year-end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-19 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

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

Capital grant funding

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

Fees Income

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

Accounting for post-employment benefits

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

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 the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Hampshire Local Government Pension Scheme (LGPS)

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

Notes to the Accounts (continued)

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Short-term Employment benefits

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

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Tangible Fixed Assets

Land and Buildings

Land and buildings inherited from the Local Education Authority and buildings constructed since incorporation are stated in the balance sheet at deemed cost less accumulated depreciation and accumulated impairment losses. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Freehold land is not depreciated. Freehold buildings are depreciated over the expected useful economic life to the College of between 15 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life. Leasehold land and buildings are amortised over the period of the 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 capital grant account, and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

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

Notes to the Accounts (continued)

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

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

Equipment

Equipment costing less than £500 per individual item except computer PCs and laptops are written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation.

Inherited equipment has been depreciated on a straight-line basis over its remaining useful economic life to the College of between three and eight years from incorporation and is now fully depreciated. All other equipment is depreciated on a straight-line basis over its useful economic life as follows:

- Motor vehicles 5 years
- Equipment 8 years
- Computer equipment 4 years

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

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. All leases inherited from the Local Education Authority have been treated as operating leases to be consistent with their policy before transfer to the College.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant funded assets.

Notes to the Accounts (continued)

Stocks

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

Foreign Currency Translation

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

Taxation

The College is considered to pass the tests set out in paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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 to exclusively charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature. Non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

Liquid Resources

Liquid resources include sums on short term deposits with recognised banks.

Provisions

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.

Agency Arrangements

The College acts as an agent in the collection and payment of 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, except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Learner Support Fund applications and payments.

Notes to the Accounts (continued)

Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

  The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions.

  The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 22, 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.

- *Provisions*

  The accounts reflect an increase in the provision for the costs estimated in respect of dilapidations for leasehold property. Provisions have also been made in respect of part-year workers potential paid holiday claims and past years VAT liabilities relating to restaurant sales. Details are shown in note 16 below.

Notes to the Accounts (continued)

2. Funding body grants

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Recurrent grants				
Education and Skills Funding Agency - Adult	1,272	1,272	1,225	1,225
Education and Skills Funding Agency - 16-18	16,418	16,418	14,746	14,746
Education and Skills Funding Agency - Apprenticeships	145	145	184	184
Office for Students	21	21	17	17
Specific grants				
16-19 Tuition Fund	129	129	100	100
ESFA - Adult	291	291	291	291
ESFA - 16-18	5	5	-	-
ESFA - provider relief scheme	-	-	-	-
Teacher Pension Scheme contribution grant	566	566	475	475
Releases of government capital grants	648	648	369	369
Releases of government capital grants – prior years	424	424	-	-
Total	**19,920**	**19,920**	**17,407**	**17,407**

3. Tuition fees and education contracts

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Adult education fees	401	401	431	431
Apprenticeship fees and contracts	201	201	88	88
Fees for FE loan supported courses	85	85	75	75
Fees for HE loan supported courses	152	152	173	173
International students fees	1,260	1,260	1,186	1,186
Total tuition fees	2,099	2,099	1,953	1,953
Education contracts	599	599	654	654
Total	**2,697**	**2,697**	**2,607**	**2,607**

Notes to the Accounts (continued)

3a. Total grant and fee income

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Grant income from the OfS	21	21	17	17
Grant income from other bodies	19,899	19,899	17,389	17,389
Total grants	19,920	19,920	17,407	17,407
Fee income for taught awards (exclusive of VAT)	152	152	173	173
Fee income for research awards (exclusive of VAT)	-	-	-	-
Fee income from non-qualifying courses (exclusive of VAT)	2,545	2,545	2,434	2,434
Total tuition fees and education contracts	2,697	2,697	2,607	2,607
Total grant and fee income	**22,617**	**22,617**	**20,014**	**20,014**

4. Other grants and contracts

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Erasmus	-	-	-	-
UK-based charities	-	-	-	-
European Commission	-	-	-	-
Other grant income	29	29	103	103
Non-government capital grants	-	-	-	-
Other contract income	-	-	-	-
Total	**29**	**29**	**103**	**103**

Notes to the Accounts (continued)

5. Other income

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Catering and residences	366	366	392	392
Other income generating activities	589	589	400	400
Miscellaneous income	1,024	978	946	914
Total	**1,979**	**1,934**	**1,738**	**1,706**

6. Staff costs

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

	Group 2024 No. Headcount	College 2024 No. Headcount	Group 2023 No. Headcount	College 2023 No. Headcount
Average staff numbers by major category:				
Teaching staff	208	208	211	211
Non-teaching staff	283	259	273	251
Total	**491**	**467**	**484**	**462**

By full time equivalent (FTE)

	FTE	FTE	FTE	FTE
Teaching staff	**135**	**135**	**133**	**133**
Non-teaching staff	**180**	**160**	**183**	**162**
Total	**315**	**295**	**316**	**295**

Staff costs for the above persons

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Wages and salaries	11,534	10,880	10,437	9,876
Social security costs	1,069	1,011	948	897
Other pension costs (note 22)	2,300	2,245	2,405	2,351
Payroll sub total	**14,903**	**14,136**	**13,790**	**13,123**
Contracted out staffing services	357	1,097	189	840
	15,260	**15,233**	**13,979**	**13,964**
Fundamental restructuring costs				
- contractual	74	74	10	10
- non-contractual	-	-	-	-
Total Staff Costs	**15,333**	**15,307**	**13,989**	**13,974**

Notes to the Accounts (continued)

7. Staff costs

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College's Senior Post Holders who comprise the Principal, Vice Principal/Director of Finance and Vice Principal/Curriculum & Quality. Simon Lovegrove, the Vice Principal/Curriculum & Quality, left the College on 17 July 2024. Judith Munro (currently Assistant Principal, Learning and Quality) was successfully appointed to the new role of Deputy Principal, Curriculum and Quality in July 2024 and will be assuming her new responsibilities in January 2025.

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

	Group & College 2024 No.	Group & College 2023 No.
The number of key management personnel including the Accounting Officer was:	**3**	**5**

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

	Key management personnel		Other staff	
	2024 No.	**2023 No.**	**2024 No.**	**2023 No.**
£15,001 to £20,000 p.a.	-	1	-	-
£35,001 to £40,000 p.a.	-	1	-	-
£60,001 to £65,000 p.a.	-	1	1	1
£70,001 to £75,000 p.a.	-	-	2	-
£85,001 to £90,000 p.a.	-	1	-	-
£90,001 to £95,000 p.a.	1	-	-	-
£105,001 to £110,000 p.a.	-	1	-	-
£110,001 to £115,000 p.a.	1	-	-	-
£135,001 to £140,000 p.a.	1	-	-	-
	3	**5**	**3**	**1**

Key management personnel compensation is made up as follows:

	2024 £'000	2023 £'000
Basic salary	337	306
Enhanced position remuneration	6	6
Benefits in kind	1	2
Pension contributions	78	53
Total key management personnel compensation	**421**	**366**

Notes to the Accounts (continued)

7. Staff costs (continued)

The basic pay and remuneration of those who have held the role of Accounting Officer during the year is as follows:

Basic pay and remuneration for the role is as follows:

	2024	2023
	£'000	£'000
Basic salary	137	141
Other including benefits in kind	0	0
Pension contributions	35	12
	172	**153**

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

The remuneration package of Key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance. To ensure independence, no staff whose remuneration is subject to review by the Remuneration Committee sits or votes on the Committee.

The Principal and Chief Executive reports to the Chair of Governing Council, who undertakes an annual review of her performance against the College's overall objectives using both qualitative and quantitative measures of performance.

Key management personnel comprise the Principal and Chief Executive, and the Vice Principals. The emoluments of the Principal and Chief Executive comprise a basic salary, employer pension contributions to the Teachers' Pension Scheme and benefits in kind relating to the payment of health insurance premiums. The salary has been set with regard to college sector data and has been benchmarked to be in line with median quartile salary levels.

The emoluments of the Vice Principals comprise a basic salary, employer pension contributions to the Local Government Pension Scheme and benefits in kind relating to the payment of health insurance premiums. The salary has been assessed with regards to the breadth of responsibilities of the role, annual performance and prevailing commercial rates.

Notes to the Accounts (continued)

7. Staff costs (continued)

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple

	2024	2023
Principal and CEO's basic salary as a multiple of the median of all staff	**4.9**	**4.8**
Principal and CEO's total remuneration as a multiple of the median of all staff	**4.9**	**4.7**

The median salary of staff was calculated based on FTE pay for all staff on payroll as at 31 July 2024

Compensation for loss of office paid to former key management personnel

	2024	2023
	£	£
Compensation paid to the former post-holder	30,850	-

The severance payment was approved by the College's Remuneration Committee.

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

The College group paid 4 severance payments in the year, disclosed in the following bands:

	2024	2023
£0 to £25,000 p.a.	3	3
£25,001 to £50,000 p.a.	1	-
£50,001 to £100,000 p.a.	-	-
£100,001 to £150,000 p.a.	-	-
£150,000+	-	-

Included in staff restructuring costs are special severance payments totalling £NIL

8. Other operating expenses

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Teaching costs	2,229	2,229	2,051	2,051
Non-teaching costs	1,795	1,713	1,752	1,699
Premises costs	1,893	1,893	1,878	1,878
Total	**5,917**	**5,836**	**5,680**	**5,628**

Other operating expenses include:

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Auditors' remuneration				
- Financial statements audit	32	27	41	37
- Internal audit	-	-	4	4
Depreciation	1,991	1,991	1,186	1,186
Hire of asset under operating leases	90	90	183	183

Notes to the Accounts (continued)

9. Write off, losses, guarantees, letters of comfort and compensation

The group had debts written off in the year to the value of £33,426 (2023: £12,957)

In the normal course of business, the College provided a letter of comfort to the subsidiary to the value of £86,628 to cover intercompany payments. This was provided to continue financial support to the subsidiary in meeting its working capital requirements.

10. Interest payable – Group and College

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
On bank loans, overdrafts and other loans:	130	130	151	151
Net interest on defined pension liability (note 22)	(65)	(31)	115	128
Total	**65**	**99**	**266**	**279**

11. Tangible fixed assets – Group and College

	Land and buildings		Equipment	Total
	Freehold	Long leasehold		
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2023	32,348	495	7,423	40,266
Additions	861	-	1,365	2,225
Disposals	-	-	(1,277)	(1,277)
At 31 July 2024	**33,208**	**495**	**7,511**	**41,214**
Depreciation				
At 1 August 2023	7,347	401	5,871	13,619
Charge for the year	946	27	572	1,545
Charge for prior years	446	-	-	446
Elimination in respect of disposals	-	-	(1,277)	(1,277)
At 31 July 2024	**8,738**	**428**	**5,167**	**14,333**
Net book value at 31 July 2024	**24,470**	**67**	**2,344**	**26,881**
Net book value at 31 July 2023	25,001	94	1,552	26,647

Notes to the Accounts (continued)

11. Tangible fixed assets (continued)

Land and buildings were re-valued in 2012 at depreciated replacement cost by a firm of independent chartered surveyors. The value of the land included in the above is £1,099k. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis.

If fixed assets had not been revalued before being deemed as cost on transition, they would have been included at the following historical cost amounts:

	2024
	£'000
Cost	37,330
Aggregate depreciation based on cost	(16,814)
Net book value based on cost	**20,516**

12. Trade and other receivables:

	Group	College	Group	College
	2024	2024	2023	2023
Amounts falling due within one year:	£'000	£'000	£'000	£'000
Trade receivables	25	11	404	404
Amounts due from subsidiary undertakings	0	71	0	41
Prepayments and accrued income	362	324	396	395
Amounts owed by the ESFA	14	14	32	32
Total	**401**	**421**	**832**	**872**

13. Creditors: amounts falling due within one year

	Group	College	Group	College
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	207	207	207	207
Trade payables	554	491	892	892
Amounts due to subsidiary undertakings	-	-	-	-
Other taxation and social security	591	575	501	487
Accruals and deferred income	1,775	1,764	2,372	2,358
Holiday pay accrual	940	923	845	830
Deferred income – government capital grants	610	610	626	626
Amounts owed to the ESFA	93	93	464	464
Total	**4,770**	**4,663**	**5,908**	**5,865**

14. Creditors: amounts falling due after one year

	Group	College	Group	College
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Bank loans	2,197	2,197	2,404	2,404
Deferred income – government capital grants	13,642	13,642	13,236	13,236
Total	**15,840**	**15,840**	**15,640**	**15,640**

Notes to the Accounts (continued)

15. Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
In one year or less	207	207	207	207
Between one and two years	207	207	207	207
Between two and five years	621	621	621	621
In five years or more	1,370	1,370	1,577	1,577
Total	**2,404**	**2,404**	**2,611**	**2,611**

Following the reclassification of colleges to the public sector in November 2022, the College successfully completed the scheduled refinancing of the entirety of its existing loans with the Department for Education on March 31, 2023. The DfE loan facility is subject to an interest rate that is fixed annually on 1 April each year, the recent rates being 4.97% for the period 1 April 2023 - 31 March 2024, and 5.6% from 1 April 2024 – 31 March 2025. The loan matures in 2026.

The College no longer has an overdraft facility nor the obligation to secure its borrowings against College property. Previously required banking covenants have also fallen away.

(b) Finance leases

The College does not have any finance lease obligations.

16. Provisions

	Defined benefit Obligations £'000	Enhanced pensions £'000	Other provisions £'000	Total £'000
At 31 July 2023	-	(47)	(1,002)	(1,049)
Expenditure in the period	(1,358)	6	-	(1,352)
Increase in period	-	-	(127)	(127)
Reductions in period	1,358	(4)	-	1,354
At 31 July 2024	**-**	**(44)**	**(1,129)**	**(1,172)**

Notes to the Accounts (continued)

16. Provisions (continued)

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 22.

The enhanced pension provision relates to the cost of staff who have already left the College's employment and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2024	2023
Price inflation	2.8%	2.8%
Discount rate	4.8%	5.0%

Included in Other Provisions are provisions for dilapidations charges for the College's leased properties at Marchwood, New Milton and Southampton. Provisions totalling £874k have been set up for this purpose based upon surveyor valuations in prior years which have been appropriately increased in the year to reflect inflationary increases in building materials.

A provision of £150k remains in place to reflect the ruling in the Supreme Court in the Harper Trust v Brazel case that part-year workers should not have their paid holiday pro-rated. The College has maintained a provision of £55k for potential past years' VAT liabilities relating to MJ's training restaurant and sales made inclusive of VAT, and a provision of £50k has been established this year for potential legal costs relating to ongoing claims.

17. Cash and cash equivalents

	At 1 August 2023 £'000	Cash flows £'000	Other changes £'000	At 31 July 2024 £'000
Cash and cash equivalents	6,668	165	-	6,833
Total	**6,668**	**165**	**-**	**6,833**

18. Capital commitments

	Group & College 2024 £'000	Group & College 2023 £'000
Commitments contracted for at 31 July	**435**	**144**

Notes to the Accounts (continued)

19. Lease Obligations

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

	Group & College 2024 £'000	Group & College 2023 £'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	320	309
Later than one year and not later than five years	774	804
Later than five years	313	501
	1,407	**1,614**
Other		
Not later than one year	-	52
Later than one year and not later than five years	-	-
Later than five years	-	-
Total lease payments due	**-**	**52**

20. Contingencies

The College has provided a guarantee to the Hampshire County Pension Fund section of the Local Government Pension Scheme, in respect of the past and future liabilities to the Funds for employees who had their employment transferred to Wessex Education Shared Services Limited, a joint venture company of the College, on 1 August 2013. The guarantee will only be triggered in the event that the joint venture company is declared insolvent, or that the joint venture company fails to pay a contribution to the Fund within sixty days of the date it falls due. It is not possible to quantify what the liability would be in this event.

21. Events after the reporting period

There are no events after the reporting period.

Notes to the Accounts (continued)

22. Defined benefit obligations

The College Group's employees belong to three principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, this is a multi-employer defined-benefit plan; the Hampshire Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hymans Robertson and is a multi-employer defined-benefit plan; NEST for non-teaching staff commencing employment with Wessex Education Shared Services Ltd. This is a government-run defined contribution plan. Contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Total pension cost for the year - College		**2024** **£'000**		**2023** **£'000**
Teachers Pension Scheme: contributions paid		1,407		1,196
Local Government Pension Scheme:				
Contributions paid	1,358		1,184	
FRS 102 (28) charge	(503)		(30)	
Charge to the Statement of Comprehensive Income		855		1,154
Enhanced pension charge to Statement of Comprehensive income		4		0
Total Pension Cost for Year within staff costs (note 6)		**2,266**		**2,351**

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2020 and of the LGPS 31 March 2022.

As at 31 July 2024 contributions amounting to £317,634 (2023: £266,440) were payable to the schemes and are included in creditors.

Total pension cost for the year - Subsidiary		**2024** **£'000**		**2023** **£'000**
Local Government Pension Scheme:				
Contributions paid	2		8	
FRS 102 (28) charge	23		20	
Charge to the Statement of Comprehensive Income		25		28
NEST Scheme: Contributions paid		31		26
Enhanced pension charge to Statement of Comprehensive income		-		-
Total Pension Cost for Year within staff costs (note 6)		**56**		**54**

As at 31 July 2024 contributions amounting to £5,162 (2023: £4,963) were payable to the schemes and are included in creditors.

Notes to the Accounts (continued)

22. Defined benefit obligations (continued)

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.

Valuation of the Teachers' Pension Scheme

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

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education 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.

As a result of the valuation, new employer contribution rates were set at 28.6% of pensionable pay from April 2024 onwards (compared to 23.7% during 2022/23). 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 £1,407,000 (2023: £1,196,000)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Hampshire Local Authority. The total contribution made for the year ended 31 July 2024 was £1.621m, of which employer's contributions totalled £1.360m and employees' contributions totalled £0.261m. The agreed contribution rates (%) and deficit payments (£) for current and future years for employers are set out below and for employees are from 5.5% to 12.5%, depending on salary.

2023/2024	27.1%	plus	£197,000k p.a.
2024/2025	27.1%	plus	£203,000k p.a.

Notes to the Accounts (continued)

22. Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Principal Actuarial Assumptions

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

	2024	2023
Rate of increase in salaries	3.75%	4.00%
Future pensions increases	2.75%	3.00%
Discount rate for scheme liabilities	5.00%	5.10%
Inflation assumption (CPI)	2.75%	3.00%
Commutation of pensions to lump sums	0.00%	0.00%

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

	2024 years	2023 years
Retiring today		
Males	22.0	22.1
Females	24.7	24.7
Retiring in 20 years		
Males	22.5	22.6
Females	25.6	25.7

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

	College	College	Subsidiary	Subsidiary
	Fair Value at 31 July 2024 £'000	Fair Value at 31 July 2023 £'000	Fair Value at 31 July 2024 £'000	Fair Value at 31 July 2023 £'000
Equities	13,581	12,892	1,751	1,768
Bonds	9,136	6,992	1,178	959
Property	1,729	1,311	223	180
Multi Asset Credit	-	-	-	-
Cash	247	656	32	90
Other	-	-	-	-
Total fair value of assets	**24,693**	**21,851**	**3,184**	**2,996**
Actual return on plan assets	**1,829**	**(241)**	**243**	**(62)**

Notes to the Accounts (continued)

22. Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	College	College	Subsidiary	Subsidiary
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Fair value of plan assets	24,693	21,851	3,184	2,996
Present value of plan liabilities	(22,876)	(21,490)	(2,368)	(2,304)
Net pensions liability (Note 16)	**1,817**	**361**	**816**	**692**

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

	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Amounts included in staff costs				
Current service cost	855	1,154	25	28
Past service cost	-	-	-	-
Total	**855**	**1,154**	**25**	**28**
Amounts included in Interest and Other Finance				
Net interest cost (Note 9)	(31)	128	(34)	(13)
Total	**(31)**	**128**	**(34)**	**(13)**
Amounts recognised in Other Comprehensive Income				
Return on pension plan assets	700	(979)	93	(170)
Experience gains arising on defined benefit obligations	222	5,213	20	468
Adjustment to reflect pension asset to zero	(1,456)	(361)	(124)	(291)
Amounts recognised in Other Comprehensive Income	**(534)**	**3,873**	**(11)**	**7**

Movement in net defined benefit liability during the year

	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Asset/(Deficit) in scheme at 1 August	361	(3,775)	692	401
Movement in year:				
Current service cost	(855)	(1,154)	(25)	(28)
Employer contributions	1,358	1,184	2	8
Past service cost	-	-	-	-
Net interest on the defined liability	31	(128)	34	13
Actuarial gain or loss	922	4,234	113	298
Curtailments and settlements	-	-	-	-
Net defined Asset/(Liability) at 31 July	**1,817**	**361**	**816**	**692**

22. Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Asset and Liability Reconciliation

	College 2024 £'000	College 2023 £'000	Subsidiary 2024 £'000	Subsidiary 2023 £'000
Changes in the present value of defined benefit obligations				
Defined benefit obligations at start of period	21,490	25,142	2,304	2,737
Current Service cost	855	1,154	25	28
Interest cost	1,098	866	116	95
Contributions by Scheme participants	257	229	4	5
Experience losses on defined benefit obligations	(222)	(5,213)	(20)	(468)
Estimated benefits paid	(602)	(688)	(61)	(93)
Past Service cost	-	-	-	-
Curtailments and settlements	-	-	-	-
Defined benefit obligations at end of period	**22,876**	**21,490**	**2,368**	**2,304**

Reconciliation of Assets				
Fair value of plan assets at start of period	21,851	21,367	2,996	3,138
Interest on plan assets	1,129	738	150	108
Return on plan assets	700	(979)	93	(170)
Employer Contributions	1,358	1,184	2	8
Contributions by Scheme participants	257	229	4	5
Estimated benefits paid	(602)	(688)	(61)	(93)
Assets at end of period	**24,693**	**21,851**	**3,184**	**2,996**

These accounts show a past service cost of £230 million in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 2% of the total scheme liability as at 31 July 2020.The calculation of adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

- The form of remedy adopted
- How the remedy will be implemented
- Which members will be affected by the remedy
- The earning assumptions
- The withdrawal assumption

Notes to the Accounts (continued)

22. Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long-term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% pa increase would increase the estimated cost by 65%.

Actuarial Report

The actuarial report for the local government pension scheme at 31 July 2024 shows an actuarial gain which has resulted in a pension asset at the same date.

We have not recognised the pension asset as a positive position but have instead shown a break-even position as there is insufficient evidence to conclude that the 'asset' may be available to reduce future payments.

As assets should only be recognised to the extent that the College is able to recover the surplus either through reduced contributions in the future or refunds from the plan.

23. Related party transactions

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

Wessex Shared Services Limited - a subsidiary of Brockenhurst College

During the year the College had transactions and balances as at 31 July 2024 with its wholly owned subsidiary as follows:

	2024 £'000	2023 £'000
Sales	33	19
Purchases	741	652
Amount owed to subsidiary undertaking	-	-
Amount owed by subsidiary undertaking	71	41

Notes to the Accounts (continued)

24. Amounts disbursed as agent

Learner support funds

	2024 £'000	2023 £'000
Funding body grants – bursary support	561	597
Funding body grants – discretionary learner support	47	37
Funding body grants – residential bursaries	-	-
Other Funding body grants	61	40
Interest earned	-	-
	668	674
Disbursed to students	(342)	(498)
Administration costs	(19)	(17)
Balance unspent as at 31 July, included in creditors	**307**	**158**

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