



Strategic Report and Financial Statements

For the year ended 31 July 2024



Table of Contents

Key Management Personnel, Board of Governors and Professional Advisers	3
Strategic Report.....	4
Statement of Corporate Governance and Internal Control	17
Statement of Regularity, Propriety and Compliance	27
Statement of Responsibilities of the Members of the Corporation	28
Independent Auditor’s Report to The Corporation of Nelson & Colne College.....	30
Consolidated and College Statements of Comprehensive Income.....	33
Consolidated and College Statements of Changes in Reserves	34
Consolidated and College Balance Sheets as at 31 July 2024	35
Consolidated Statement of Cash Flows	36
Notes to the Financial Statements	37

Key Management Personnel, Board of Governors and Professional Advisers

Key management personnel

Key management personnel are defined as members of the Senior Leadership Team and were represented by the following in 2023-24:

Lisa O'Loughlin	- Principal and Chief Executive
David Rothwell	- Deputy Principal, Finance & Resources
Tracey Baron	- Deputy Principal, Curriculum and Quality
Andrew Dewhurst	- Vice Principal, Sales and Partnerships/Chief Information Officer
Louise Marsden	- Vice Principal, Marketing and Brand Strategy
Sam Mercer	- Assistant Principal, Planning and Performance
Claire Jarvis	- Assistant Principal, Finance and HR
Fionnuala Swann	- Vice Principal, Academic Curriculum
Andrew Parkin	- Vice Principal, Technical Curriculum
Leyanne Fitzmaurice	- Assistant Principal, Learner Experience
Morag Davis	- Group Executive Director, Strategy and Transformation
Joy Sharpe	- Vice Principal Quality (appointed 19 August 2024)

Board of Governors

A full list of Governors is given on pages 18-19 of these financial statements. The Director of Governance during the period was Mrs D Corcoran.

Professional advisers

Financial statements auditors and reporting accountants:

RSM UK Audit LLP
Bluebell House
Brian Johnson Way
Preston, PR2 5PE

Internal auditors:

Wylie Bissett
168 Bath Street
Glasgow, G2 4TP

Bankers:

Lloyds Bank
King Street
Manchester, M32 8AD

Solicitors:

Irwin Mitchell
2 Wellington Place
Leeds, LS1 4BZ

Evershed Sutherland
115 Colmore Row
Birmingham, B3 3AL

Stone King LLP
One Park Row
Leeds LS1 5HN

Strategic Report

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report together with the audited financial statements and auditor's report for Nelson & Colne College for the year ended 31 July 2024.

Legal status

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

The College has two wholly-owned subsidiary companies:

NCC Professional Services Limited – providing educational support services to the College.

NCC Energy Services Limited – to provide sustainable electricity to the College further to completion of a low carbon technology retrofit capital project.

Public benefit

Nelson & Colne College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 18-19.

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 identifiable public benefits through the advancement of education to approximately 16,000 students, including 110 students aged 16-24 years with High Needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. The College adjusts its courses to meet the needs of local employers and provides training to approximately 550 apprentices. The College is committed to providing information, advice, and guidance to the students it enrolls and to finding suitable courses for as many students as possible, regardless of their educational background.

Vision, mission and values

The College's vision, confirmed by the Corporation is that:

'To build stronger communities and create high quality routes into high-value Professional and Technical careers for all our learners'

Our vision will be delivered by ensuring staff and students alike demonstrate our College's values and behaviours which are:

- We never stop at 'good enough'
- We own it!
- We push with love
- We get stuck in

Strategic Report (continued)

Implementation of strategic plan

The College continued during the year to progress the development and phased implementation of a new five-year strategic plan 2023-2028 approved by the Corporation. This plan is organised around five new strategic themes:

- Our extraordinary learner journey.
- Our extraordinary expectations.
- Our extraordinary county and communities.
- Our extraordinary people and culture.
- Our extraordinary environment and investment.

Headline strategic goals have been agreed in respect of each of these strategic themes. A range of targets and key performance indicators are in operation to provide for ongoing monitoring with others still in development.

Financial objectives

Maintaining a sound financial position and wellbeing continues to be a key strategic priority for the College to ensure that it:

- has an adequate level of reserves.
- is able to generate sufficient funds to provide for ongoing investment.
- retains the confidence of its funding bodies, bankers and other key stakeholders.

The College's primary financial targets outlined in the financial plan 2024-26 are to:

- secure at least 'Good' financial health as assessed by the Education and Skills Funding Agency (ESFA)
- achieve a cash based operating surplus each year
- maintain effective control over costs especially pay.
- ensure strong short-term solvency.
- maintain an acceptable level of debt gearing.
- ensure compliance with financial covenants prescribed by lenders.

A range of performance indicators have been agreed to monitor the successful implementation of the policies.

Performance indicators

The College is committed to observing the importance of sector measures and indicators and continue to measure teaching & learning performance in terms of a range of indicators including:

- learner volumes
- teaching quality
- qualification success rates and value added / progress
- learner satisfaction
- employer satisfaction
- learner destination and progression.

Strategic Report (continued)

In 2023/24, recruitment of 16-18 FE learners was 2,461 (2022/23: 2,375) and therefore above the allocated, funded target for the year of 2,385. The overall actual funding value generated during the year for 16-18 FE provision was 102% of allocation. The actual funding value generated in respect of the overall Adult Education Budget (AEB) for 2023/24 was 107% of the allocation for the year and the College will receive funding for this according to the grant tolerances for 2023/24 confirmed by the ESFA.

The College is required to complete the annual Finance Record for the ESFA. The Finance Record produces a financial health grading. The assessed current rating for 2023/24 of Good is considered an acceptable outcome.

FINANCIAL POSITION

Financial results

The Group generated a surplus before other gains and losses in the year of £805k (2022/23 — deficit of £159k), with a total comprehensive income surplus of £544k (2022/23 — £2,821k).

Tangible fixed asset additions during the year amounted to £10,877k (2022/23- £4,520k). This was split between land and buildings costs of £3,109k, equipment purchased of £1,719k and assets in the course of construction costs in the year of £6,049k, the majority of which relates to building projects.

The College continues to have significant reliance on the ESFA for its principal funding source, largely from participation monies. In 2023/24 these funding bodies provided 85% of the College's total operating income (2022/23 – 86%).

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The College has a separate treasury management policy in place as outlined in the financial regulations. The College has not had a requirement for short-term borrowing for temporary revenue purposes during the period. All other borrowing requires the authorisation of the Corporation.

Cash flows and liquidity

At £827k (2022/23: £952k) operating cash inflow for the period remained strong.

At the end of the 2023/24 financial year, accumulated cash balances and current asset investments (comprising short term money market deposits) were £10,146k (2022/23 - £13,299k). During the year, the College secured a new loan facility agreement of £5.5mn with the Department for Education (DfE) to finance a Public Sector Decarbonisation Scheme (PSDS). As at 31 July 2024, £570k of this facility had been drawn-down. The college had no new commercial borrowings during the year and, reflecting repayments of existing bank debt principal, outstanding commercial borrowings stood at £1,295k (2022/23 - £1,518k). The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year, this margin was comfortably exceeded.

Strategic Report (continued)

Reserves policy

The College chooses not to have a formal Reserves Policy but recognises the importance of reserves to the financial stability of an organisation and ensures that there are adequate reserves to support the College's core activities. The College currently holds no restricted reserves. As at the balance sheet date adjusted for the effect of FRS102 defined benefit pension scheme obligation, the College has an accumulated income and expenditure reserve of £27,286k (2022/23: £23,956k). It is the Corporation's intention to maintain adequate reserves going forward through the generation of annual operating surpluses.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2023/24 the College has delivered activity that has produced £28,790k in funding body main allocation funding (2022/23: £28,279k). Inclusive of Adult Community Learning activity delivered via the Lancashire Adult Learning operation, the College had approximately 16,000 funded FE students during the year (2022/23: 16,000).

Student achievement

Student achievement of qualifications at all levels has increased by 1.3% comparative to last year, remaining well above national average by 10.3% across all qualifications and ages.

Achievement % (all ages, all levels)

2020-21	2021-22	2022-23	2023-24	Nat. Ave
95.2	93.7	93.0	94.3	84.0

A breakdown into age groups shows that an increase of 3.0% has been identified in the 16-18 group, comparative to last year's achievement. The current rate is 9.7% above national average. The achievement rate for the 19+ age group has increased by 0.7% for 2023/24. As with the 16-18 age group, the achievement rates for the 19+ age group across all qualifications are well above national average by 9.5% for this age group.

Achievement % by age (all levels)

Age	2020-21	2021-22	2022-23	2023-24	Nat. Ave
16-18	92.4	88.0	88.0	91.0	81.3
19+	96.7	96.2	95.5	96.2	86.7

Strategic Report (continued)

16-18 Achievement

The table below indicates that Level 1 & below (by 8.7%), Level 2 (by 11.3%) and Level 3 achievement (by 9.4%) for 2023-24 sit well above National Averages.

16-18 Achievement % by Level

	2020-21	2021-22	2022-23	2023-24	Nat. Ave
Level 1 & below	89.4	87.5	88.1	89.8	81.1
Level 2	92.7	82.3	87.3	91.6	80.3
Level 3	94.2	91.1	88.3	91.8	82.4

19+ Achievement

The table below indicates a decrease of 0.7% in achievement at Level 1 and below, remaining above the national average by 8.7%. There are increases from 2022/23 to 2023/24, at Level 2 (by 3.5%) and Level 3 (by 0.3%) and we remain well above national averages by 7.7% at Level 2 and by 6.2% at Level 3.

19+ Achievement % by Level

	2020-21	2021-22	2022-23	2023-24	Nat. Ave
Level 1 & below	99.3	97.7	98.4	97.7	89.0
Level 2	91.3	91.0	87.9	91.4	83.7
Level 3	83.1	84.0	83.8	84.1	77.9

GCSE Pass rates 2023/24

As in the table below, GCSE Pass rates are more than double the national averages for the academic year 2023/24. However, there has been a decrease in achievement for both English (-1.9%) and Mathematics (-9.3%) from 2022/23.

16-18 % High Grade Pass Results

	2020-21	2021-22	2022-23	2023-24	Nat. Ave
English	67.7	48.6	45.1	43.2	19.2
Mathematics	72.9	42.6	42.3	33.0	15.0

Strategic Report (continued)

A-level Grade Results for 2023/24

A-Level results showed that for 2023-2024, A*- E achievement rates were at 96.7%. 73.6% of which achieved an A*- C grade, 49.6% achieved an A*-B grade and 22.7% achieved an A*- A grade. High grade achievement rates have increased in line with this area for improvement in the strategic self-assessment report.

Year	A*-E	A*-C	A*-B	A*-A
2023/24	96.7	73.6	49.6	22.7
2022/23	98.5	73.4	44.0	16.1
2021/22	99.0	82.0	61.2	29.3
2020/21	99.9	85.6	66.6	35.3

Curriculum Developments & Quality

The focus in 2034/24 has been particularly on the strategic areas for improvement identified at the start of the academic year. In terms of these areas, it is pleasing to note that Apprenticeships (68.2% achievement, all age, which is 14% above the national average), Foundation Programmes, Access to HE and some courses in Engineering have made good progress in the quality of education.

Other key curriculum developments in 2023-24 were as follows:

- Strengthen employer focused curriculum through co-creation and co-delivery that successfully reflects the new 'contribution to skills' sub-judgement in the Education Inspection Framework (EIF).
- Embedding a high-quality personal development curriculum through tutorials in full time study programmes (with the addition of a weekly work ready hour in curriculum timetables), Access to HE and Apprenticeship programmes.
- Strengthened leadership within the Engineering division to ensure a high-quality learner experience with strong teaching and learning and high achievement rates for learners.
- Further development of a skills-based curriculum for adults retraining and entering professional pathways through Lancashire Adult Learning.
- A further increased, quality strengthened online curriculum offer for Adult provision.
- Continue to work collaboratively with other providers to share best practice and learn from each other. Senior leaders and the middle leadership team will continue with successful relationships and collaboration in 2024-25 across all provision types.

Strategic Report (continued)

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2023 to 31 July 2024, the College paid 84.5 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Events after the end of the reporting period

There are no significant post balance sheet events to report.

Future prospects

The College remains financially stable with positive cashflows and low borrowing. Through the strategic review process, the College is exploring new improvement opportunities in its curriculum, facilities and services aligned to local and regional skills needs. Over the medium term, the College aims to secure increased operational efficiency both through growth and improved processes, systems and workflow.

Future developments

The Corporation approved a comprehensive five-year estates strategy in March 2021. The strategy identifies a number of key objectives including to:

1. Provide a high-quality and flexible learning and work environment that is as 'future proofed' as possible
2. Occupy an estate comprising of condition category A/B space, replacing or upgrading all condition C/D space
3. Embrace changes to learning and working practices necessitated by the need to operate remotely throughout the Coronavirus Pandemic
4. Improve space efficiency at the Accrington Sandy Lane campus
5. Improve utilisation of specific resources within the Boulsworth building on the Nelson Scotland Road campus
6. Reduce premises running costs and seek to eliminate the backlog of maintenance liabilities
7. Create a sustainable estate, contributing to the Government's target of net zero greenhouse gas emissions by 2050.

In support of the estate's strategy and wider investment needs such as digital transformation, the Corporation approved an updated medium-term capital investment plan in July 2023. This provides for a further £13mn capital investment in buildings and equipment during the period to July 2026 financed by a combination of capital grants and cash reserves.

Further to successfully securing £3.4mn capital grant support via the Public Sector Decarbonisation Scheme Phase 3 (PSDS) towards the estimated £8mn cost of a major campus decarbonisation project in November 2022, the Group commenced works on site during 2023-24 with completion targeted for quarter 1 of 2025. This project is critical to the delivery of a target to cut greenhouse gas (GHG) emissions by 50% by 2030 en route to achieving net zero by 2050.

Strategic Report (continued)

The Corporation approved a financial plan in July 2024 and reset financial objectives for the period to July 2026. After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Group companies

The College has established two wholly owned subsidiary companies, NCC Professional Services Limited and NCC Energy Services Limited. The financial results and position of these subsidiaries has been consolidated into these financial statements.

RESOURCES:

Financial

The Group has c£31 million of net assets (2022/23: £30m), after adjusting for FRS 102 defined benefit pension obligations, and has an outstanding DfE loan of £570k (2022/23 - £nil) and outstanding bank loans of c£1.3 million (2022/23: £1.5m). Tangible resources include fixed assets which increased to £53.9m net book value during the year including the two main college sites at Nelson and Accrington.

People

The Group employs 691 people, expressed as average headcount (2022/23: 704), of whom 317 (2022/23: 334) are classified as teaching staff.

Reputation

The College has an outstanding reputation locally and nationally. This was affirmed via a full Ofsted Inspection in March 2022 which awarded the College an Outstanding grade for overall effectiveness. Ofsted reported "learners and apprentices embody the outstanding culture of high standards across all of the college sites. They are passionate and highly motivated about their education and futures. Learners' and apprentices' behaviours mirror the extremely high expectations set by governors, leaders, teachers, and staff." Ofsted also noted "...learners and apprentices who study at the college do exceptionally well."

Maintaining a quality brand is essential for the College's success in attracting students and sustaining effective external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES:

The College has continued work during the year to maintain 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 Risk Management Group (RMG) 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 RMG will also consider any risks which may arise because of a new area of work being undertaken by the College. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement of Corporate Governance.

Strategic Report (continued)

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.

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

1. Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies. In 2023/24, approximately 86% (2022/23: 88%) of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

- Future government spending plans are uncertain, particularly in view of the challenges arising in respect of global conflict, cost of living and servicing the national debt.
- The reclassification of FE Colleges as part of the public sector for national accounts purposes by the Official for National Statistics (ONS) of the FE sector announced on 29 November 2022; the long-term impact of which remains uncertain.
- Funding methodologies utilise a series of factors such as qualification aim funding values and success rates to calculate an amount of funding to be received for each learner. Such funding cannot be guaranteed though.
- Implementation of the funding reforms provided for in the Skills and Post-16 Education Act (2022) including a new combined Skills Funds and further devolution and delegation of funding and decision making to the local level via e.g. Combined Authorities. Local Skills Improvement Plans (LSIP's) arrangements create new duties for FE Colleges to act collaboratively in place-based planning to better meet local skills and employer needs.

Strategic Report (continued)

The College seeks to mitigate this risk in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements.
- By ensuring the College is rigorous in delivering high quality education and training and continues to seek opportunities to grow and secure added value.
- Ongoing investment in new technologies and staff training and development to strengthen capacity to deliver high quality teaching and learning.
- Considerable focus and investment placed on maintaining and managing key relationships with funding bodies, other partners and employers.
- Ensuring the College is strategically focused on those priority sectors which are best placed to continue to benefit from public funding.
- Maintaining close oversight of the College's financial position and contingency planning to respond to any reductions in available funding.

2. Meeting pension cost commitments

The financial statements report the share of any Local Government Pension Scheme (LGPS) deficit or surplus on the College's balance sheet in line with the requirements of FRS 102. At year end the reported balance is nil as the surplus resulting from the actuarial calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. The Government has committed to continuing to pay Teachers Pension Scheme (TPS) grant funding until July 2025 following the significant increase in the employer contribution rate implemented in September 2019. The LGPS triennial valuation saw an increase in the employer's pension contribution to 19.3% from 17.2% in April 2023 with a further increase to 20.1% in April 2024 and again to 20.7% from April 2025. The long-term trend of escalating employer pension costs for defined benefit schemes such as LGPS and TPS is expected to continue presenting an ongoing risk to the planning and management of the College's financial position.

3. Failure to maintain the financial viability of the College.

The College's ESFA Financial Health Grade is autoscored as 'Good'. Notwithstanding that, the continuing challenge to the College's financial position remains significant requiring the balancing of expenditure on the student experience alongside funding rates not linked to inflation and variations in student recruitment.

4. Cybersecurity

The College continues to invest in IT infrastructure, it's 'human firewall' via internal communications, training and development, test activity and cybersecurity insurance.

Strategic Report (continued)

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Education sector funding bodies;
- FE Commissioner;
- Staff;
- Local employers (with specific links);
- Local authorities;
- Local Enterprise Partnerships (LEPs);
- The local community;
- Other FE and HE institutions;
- 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.

Equal opportunities

The College is committed to ensuring equality of opportunity for all who learn and work here. We are passionate about Equality, Diversity and Inclusion for our staff, students and stakeholders. Our vision is to build stronger communities and create high quality routes into high-value Professional and Technical careers for all our learners. In order to reach that vision, we know we need to create and embed an environment and culture where all our students and colleagues feel valued and are treated fairly and with respect.

The College's Equality, Diversity and Inclusion Policy is published on the College's internet site: <https://www.nelsongroup.ac.uk/wp-content/uploads/2023/07/EDI-Policy-July-2023.pdf>.

The College publishes an Annual Equality Statistics Report and an Equality, Diversity and Inclusion Objectives and Action Plan to ensure compliance with all relevant equality legislation and to help to ensure that we firmly focus on addressing inequalities across the nine protected characteristics identified in the 2010 Equality Act. These can also be found at <https://www.nelsongroup.ac.uk/about-us/policies-procedures/>.

The College recognises and proactively works towards its responsibilities in respect of the Equality Act 2010 and in doing so has identified 4 Equality Objectives within this Action Plan to take forward over the next four years. Each of these objectives are broken down and have targeted outcomes to support the overarching Equality, Diversity and Inclusion Policy and the Single Equality Scheme.

The College's Equality Objectives help to ensure that we firmly focus on minimising inequalities and disadvantage as well as advancing equality of opportunity across the nine protected characteristics identified in the 2010 Equality Act. These are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation. In addition, we recognise that in making a commitment to being inclusive we need to go beyond the protected characteristics and embrace the differences we all bring into the college to create a rich and vibrant organisation where everyone feels valued and, importantly, adds value.

Strategic Report (continued)

The College is a 'Disability Confident' employer and considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. All disabled applicants who meet the essential criteria for a post are shortlisted for interview.

Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues through making reasonable adjustments. The College's policy is to provide training, career development and opportunities for promotion that are, as far as possible, identical to those of non-disabled employees.

The College has committed to the Association of Colleges' 'Mental Health Charter' initiative to assist the mental health wellbeing of staff. The College has also implemented a programme of staff and student Mental Health First Aiders, who have undertaken appropriate training. We have updated Equality & Diversity training programme which all staff have attended and refresher training and training for new starters is carried out on an ongoing basis. The College has also signed the Armed Forces Covenant - Employer Recognition Scheme Bronze Award.

Gender Pay Gap Reporting

The College has published its Gender Pay Gap Report in line with the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The headline pay gap for the most recent reference period — 'snapshot' date of 31 March 2023 is:

Mean Gender Pay Gap – 2.2%

Median Gender Pay Gap – 5.14%

The full report can be accessed at <https://www.nelsongroup.ac.uk/wp-content/uploads/2024/02/Gender-Pay-Gap-Report-published-February-2024.pdf>

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010:

- as part of the redevelopment of the buildings the College has installed new lifts and ramps etc. so that all of the facilities will allow access to people with a disability;
- there is a list of specialist equipment, such as audio aids, which the College can make available for use by students;
- appeals against a decision not to offer a place are dealt with under the complaints policy;
- the College has invested in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. 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;
- specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format;
- counselling and welfare services are available to all students through the Safeguarding and Health and Wellbeing teams.

Strategic Report (continued)

Trade Union Facility Time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where a public authority (including FE colleges) has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations. The information to be published consists of four tables covering:

Number of employees who were relevant trade union officials during the relevant period	FTE employee number
8	7.6

Percentage of time	Number of employees
0%	0
1-50%	8
51-99%	0
100%	0

The total cost of facility time	£49,695
The total pay bill	£23,100,790
The percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time + total pay bill) x 100	0.22%

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	5.49%
--	-------

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 16 December 2024 and signed on its behalf by:



Phil Wilkinson
Chair

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2023 to 31 July 2024 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to Colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”); and
- iii. having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the further education sector.

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, which it formally adopted on 6 February 2017, and re-adopted following the Code’s refresh on the 18 December 2023. In the opinion of the Governors, the College exceeds all the provisions of the Code, and it has complied throughout the year ended 31 July 2024. This opinion is based on an internal review of compliance with the Code, reported to the Board on 14 October 2024, and informed by an External Governance Review completed by Rockborn Ltd in December 2024.

We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

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

The Corporation

The 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.

	Date of appointment	Term of office	Date of resignation	Status of appointment	Committee/s served	Corporation Attendance 2023/24
Mr A Ahmad	18/9/2024	1 year		Independent Governor	• Audit	N/A
Ms S Applewhite	18/9/2024	1 year		Independent Governor	• Quality and Standards	N/A
Mr S Campbell	Re-appointed 17/5/2023 16/5/2022	3 years		Independent Governor	• Quality and Standards (Chair)	100%
Mrs M Conlon	Re-appointed 23/5/2024 12/5/2023	3 years		Independent Governor	• Capital, Estates and Sustainability	100%
Mrs H Curtis (Corporation Vice Chair from 23/05/2024)	Re-appointed 23/05/2024 12/5/2023	3 years		Independent Governor	• Search and Governance • Quality and Standards	100%
Mr T Gee	Re-appointed 18/9/2023 7/2/2019	1 year	18/9/2024	Staff Governor	• Capital, Estates and Sustainability	100%
Ms S Hartley-Gott	Re-appointed 18/10/2023 26/9/2022 18/10/2021	2 years		Student Governor		100%
Mr A Javed	18/9/2024	1 year		Staff Governor	• Capital, Estates and Sustainability	N/A
Mr D Hutton	18/9/2024	1 year		Independent Governor	• Capital, Estates and Sustainability	N/A
Mrs C Kenyon OBE	Re-appointed 8/7/2024 1/9/2023	3 years		Independent Governor	• Quality and Standards • Search and Governance • Capital, Estates and Sustainability	100%
Mr Z Khan	Re-appointed 8/7/2024 5/7/2021 1/7/2020	3 years 1 year	31/10/2024	Independent Governor	• Search and Governance	66%

	Date of appointment	Term of office	Date of resignation	Status of appointment	Committee/s served	Corporation Attendance 2023/24
Mrs G Marsh	Re-appointed 18/9/2023 26/9/2022	3 years		Independent Governor	<ul style="list-style-type: none"> Quality and Standards 	66%
Mrs L O'Loughlin	22/12/2022			Principal and Chief Executive Officer	<ul style="list-style-type: none"> Capital, Estates and Sustainability Quality and Standards Search and Governance 	17%
Mr N Rashid	Re-appointed 25/9/2019 21/10/2013	4 years	18/9/2023	Independent Governor	<ul style="list-style-type: none"> Audit Quality and Standards Search 	100%
Mrs L Sedgley	Re-appointed 8/7/2024 18/10/2021 19/10/2020	4 years		Independent Governor	<ul style="list-style-type: none"> Remuneration (Chair) Audit (Chair from 14/10/2024) 	66%
Mrs G Sharples	Re-appointed 18/12/2023 14/12/2021	2 years		Staff Governor	<ul style="list-style-type: none"> Quality and Standards 	100%
Mr C Smith	Re-appointed 26/9/2022 18/10/2021	3 years	22/9/2023	Independent Governor		100%
Mr D Whatley (Corporation Vice Chair from 23/5/2024)	Re-appointed 3/7/2022 1/9/2009	3 years		Independent Governor	<ul style="list-style-type: none"> Audit (Chair to 14/10/2024) Capital, Estates and Sustainability (Chair from 14/10/2024) 	66%
Mr P Wilkinson Corporation Chair (Corporation Chair from 21/2/2022, and Corporation Vice Chair until that date)	Re-appointed 21/2/2022 20/9/2021 5/5/2020 28/6/2016	3 years		Independent Governor	<ul style="list-style-type: none"> Remuneration Search and Governance (Chair) Capital, Estates and Sustainability (Chair until 13/10/2024) 	83%
The Director of Governance is Mrs D Corcoran, MBA						

The Governance Framework

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets at least once 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 are the Audit Committee, the Quality and Standards Committee, the Capital, Estates and Sustainability Committee, the Remuneration Committee and the Search and Governance Committee. Two Committees were re-focused and strengthened in key areas of priority during 2023/24 and up to the finalisation of these statements:

- Search Committee was enhanced to become a Search and Governance Committee, with continued and additional membership, from 26/2/2024
- Capital and Estates Committee's responsibility for sustainability was made more explicit, through the annual review of terms of reference, and its re-positioning as the Capital, Estates and Sustainability Committee from 14/10/2024 onwards

During the 2023/24 year, the Governing Body met twice in strategic planning workshops over 3 days (18 September 2023, and the 22 and 23 May 2024). The strategic planning workshops had a continued focus on overseeing implementation of the Strategic Review and delivery of the ambitions set out in the new 2030 Strategic Plan adopted by the Governing Body in July 2023.

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

Nelson and Colne College
Scotland Road
Nelson
Lancashire
BB9 7YT

The Director of Governance maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.

All Governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Director of Governance, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Director of Governance 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 appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee, consisting of four members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office not exceeding four years.

Corporation performance

The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2024 and graded itself as 'outstanding' on the Ofsted scale. An External Review of Governance of the College was completed by Peter Ryder and Melissa Drayson of Rockborn Ltd between September 2024 and December 2024 and included consideration of the full 2023/24 year. The ERG report was welcomed and accepted by the Corporation at its 16 December 2024 meeting. Actions have been included in a revised Governance Development Plan (GDP) which is regularly monitored by both the Search and Governance Committee and full Corporation. Development points from the ERG have been embedded into the Governance Development Plan (GDP) which is regularly monitored by both the Search and Governance Committee and full Corporation. Further information is available on the College Group's website, or from the Director of Governance on request.

The Corporation's commitment to supporting ongoing development of the Director of Governance, and all Board members has continued throughout the year. Continuing professional development has included Governors accessing provision and events from the Education and Training Foundation (ETF) and the Association of Colleges. New Governors recruited in-year have accessed both an internal programme of induction, as well as the AoC's induction offer. Ongoing development of Governors has included 'Area for Improvement insight sessions' giving insight and assurance in key curriculum areas, and a programme of 'Ofsted Readiness' delivering deeper dives in all key aspects of quality, standards and curriculum. The extensive and varied engagement programme with learners, staff and students included Governors joining termly 'Meet the Principal' forums on both campuses and new termly 'Meet the Board' opportunities with staff and students in key curriculum areas, to directly hear learner voice. A variety of opportunities to engage with employers and key stakeholders throughout 2023/24 included Governors joining sectoral consultation events directly informing Strategic Review and curriculum developments, and new Industry Boards, which bring employers and stakeholders together to co-create curriculum and inform the College's learner and employer offer. The Corporation valued the Lancashire Local Enterprise Partnership (LEP) joining their May strategic planning event and offering an insightful update and conversation on skills policy, priorities and devolution.

Within the year the continuing professional development (CPD) of the Director of Governance has included completion of the Institute of Director (IoD) Governance Professional Leadership Programme, the ETF's executive coaching programme for governance professionals and professional development on Company Law through Eversheds, reflecting the establishment of the College Group's subsidiary companies.

Remuneration Committee

Throughout the year ending 31 July 2024 the College's Remuneration Committee comprised three 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 designated senior post-holders. The College has adopted the AOC's Senior Staff Remuneration Code and complies with all requirements.

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

Audit Committee

The Audit Committee comprised three members of the Corporation (excluding the Accounting Officer and Chair) and two co-opted members, with four members being qualified accountants. The Committee operates in accordance with written terms of reference approved by the Corporation. The role of Committee Chair was reviewed by the Corporation, and changed from Mr D Whatley to Mrs L Sedgley from 17/10/2024 onwards.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal auditors 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 and financial statements auditors and reporting accountants and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

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

Audit Committee member	Membership	Meetings attended in 2023/24		
		20 Nov 2023	25 Mar 2024	10 June 2024
Mrs Liz Sedgley (Committee Chair from 17/10/2024, and Vice Chair to that point)	Member of the Board of Corporation	Y	Y	Y
Mr David Whatley (Committee Chair to 16/10/2024)	Member of the Board of Corporation	Y	Y	Y
Mrs Christine Kenyon OBE	Member of the Board of Corporation	Y	Y	Y
Mr Dean Langton	Co-opted Committee Member	N	Y	Y
Mr Amer Ansar <i>Term of office ended 24 May 2024</i>	Co-opted Committee Member	N	N	N/A
Average attendance during the year: 80% (2022/23 66%; 2021/22 67%)				

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 the College and the funding body and the Office for Students (OfS) registration conditions. 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 Nelson and Colne 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 and arrangements for compliance with legal and regulatory matters including those relating to the regularity and propriety of the use of public funding 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, and in 2023/24 this review has included approval for the development of a broader Board Assurance Framework (BAF), review of the Corporation's Risk Appetite at their May 2024 planning event, and the continued strengthening of reporting of risks into and through Corporation meetings.

The risk and control framework

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

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

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

Risks faced by the College

The senior leadership team are responsible to the Corporation for the achievement of the College's strategic objectives and are aware of the role that the risk management process plays in the achievement of those objectives. The senior leadership team are members of the cross-College risk management group and formally review the risks faced by the College on a regular basis ensuring that risks identified are recorded on a College risk register. Risks are evaluated and categorised according to a scoring system which has regard to the potential impact of the risk and the likelihood of it occurring. Systematic consideration is given to the actions and/or controls needed to address the risks and the early warning mechanisms in place to draw prompt attention to any remedial issues arising requiring further action. The Audit Committee receive and consider a risk management report at each meeting and the Board of Governors specifically consider the most significant of the College's identified risks on a termly basis.

Control weaknesses identified

During 2023/24, there have not been any significant internal control weaknesses identified by internal audit, financial statements auditors or funding bodies.

Responsibilities under accountability agreements

In line with the college's annual accountability agreement with ESFA, the Board of Governors delegates responsibility for ensuring compliance to the accounting officer. The accounting officer is responsible for advising the governing body in writing if any action or policy under consideration by the Board of Governors is incompatible with the Department's conditions of funding. There were no written reports in the 2023/24 financial year.

The corporation has met its statutory responsibility for the effective and efficient use of resources, the solvency of the institution and the corporate body and the safeguarding of its assets, as required in Section 5(3) of Schedule 4 of the Further and Higher Education Act 1992 – along with contractual responsibilities under our funding agreements, and contracts with ESFA, and OfS conditions for registration including those following the reclassification of colleges to the public sector in the middle of 2023/24.

The Department for Education and Education Skills Funding Agency introduced new controls for the college on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and these have now been reflected in the College Financial handbook in 2024, which has the effective date of 1 August 2024. The college has reviewed its policies, procedures and approval processes in line with these new requirements and established systems and processes to identify and handle any transactions for which DfE approval is required. Financial Regulations and Procedures have been updated. The Board and key colleagues have been briefed, with close monitoring of approval requirements in place.

Statement from the Audit Committee

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

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

- advising the Corporation on the scope and objectives of the work of the Financial Statements Auditor and the internal audit service and establishing that they adhere to relevant professional standards
- considering and advising the Board of Corporation on the Audit Strategy and Annual Internal Audit Plans for the internal audit service

- advising the Corporation on Internal Audit Reports and on any control issues included in the Management Letters of the Financial Statements Auditor (including their work on regularity) or other third-party assurance reports and Management's responses to these
- monitoring, within an agreed timescale, the implementation of recommendations relating to Internal Audit Reports, the Financial Statements Auditor's Management Letter and other third-party assurance reports
- monitoring the effectiveness of the Internal Audit Service and Financial Statements Auditor through measures and indicators agreed with Management
- producing an Annual Report for the Board of Corporation and Accounting Officer, including a summary of the work undertaken by the Committee during the year, the Committee's view of its own effectiveness and the Committee's advice on the effectiveness of the College's risk management, control and governance processes, and any significant matters arising from the work of the Internal Audit Service, the Financial Statements Auditor or other third-party assurance received

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 and the reporting accountant for regularity assurance, in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of 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 Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Leadership Team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

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

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

Going concern

The College currently has c£1.3m of loans outstanding with bankers on terms negotiated in 2008. The terms of the existing agreement are for up to another 5 years. There was no breach of covenants in the year to 31 July 2024.

During the year, the College agreed terms on a new loan facility with the Department for Education (DfE). The available loan facility is £5.5m and the College had drawn down £570k against this facility as at 31 July 2024. Under the terms of the facility, repayments of loan capital are due to commence from 1 April 2025. College's forecasts and financial projections indicate that it will be able to operate within these existing facilities and covenants for the foreseeable future.

At 31 July 2024 the Group had net current assets of £4.6 million (2022/23 — £7 million) and c£31 million of net assets (2022/23: £30m), after adjusting for FRS 102 defined benefit pension obligations.

The main ESFA 16-18 and AEB funding allocations for 2024/25 are confirmed as £16.6m (2022/23 - £14.6m) and £11.7m (2022/23 - £10.7m), respectively.


Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Approved by order of the Members of the Corporation on 16 December 2024 and signed on its behalf by:



Phil Wilkinson

Chair



Lisa O'Loughlin

Accounting Officer


Statement of Regularity, Propriety and Compliance

As Accounting Officer, I confirm that the Corporation has had due regard to the framework of authorities governing regularity, propriety and compliance, and the requirements of the college's accountability agreement, funding agreements and contracts with the ESFA and DfE, and has considered its responsibility to notify the ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

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

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

Signed:



Lisa O'Loughlin
Accounting Officer
16 December 2024

Statement of the Chair of the Corporation

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:



Phil Wilkinson
Chair
16 December 2024

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation, who act as trustees for the charitable activities of the College, are required to present audited financial statements for each financial year.

The law applicable to charities in England and the terms and conditions of the college's accountability agreement, funding agreements and contracts with Education and Skills Funding Agency (ESFA) and Department for Education (DfE), the corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the College for that period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction, Accounts Direction issued by the Office for Students and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

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

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

The maintenance and integrity of the College website is the responsibility of the Corporation of the College; the work carried out by the 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, DfE, and any other public funds, are used only in accordance with the accountability agreement, 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 following the reclassification of college corporations on 29 November 2022. 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, DfE and other public bodies are not put at risk. They are also responsible for ensuring funds from Office for Students or other sources are properly applied for the purposes for which they have been given and in accordance with relevant legislation or terms and conditions attached to them.

Approved by order of the Members of the Corporation on 16 December 2024 and signed on its behalf by:

A handwritten signature in black ink that reads "Phil Wilkinson". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Phil Wilkinson
Chair

Independent Auditor's Report to The Corporation of Nelson & Colne College

Opinion

We have audited the financial statements of Nelson & Colne 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 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) and the Accounts Direction issued by the Education and Skills Funding Agency.

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;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction issued by the Education and Skills Funding Agency.

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

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

We have nothing to report in this regard.

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 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 notes 2 and 3 to the accounts, has been materially misstated.
- The College's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Corporation of Nelson & Colne College

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 28 to 29, 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.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and College operates in and how the group and college are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency and Regulatory Advice 9: Accounts Direction published by the Office for Students'. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and income recognition in respect of apprenticeship income as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates. In respect of the apprenticeship income we tested a sample of income to supporting learner records, and inspected funding agreements and allocations, reconciling these to the income recognised in the financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://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 4 August 2024. 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.



RSM UK AUDIT LLP
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
Lancashire
PR2 SPE

Consolidated and College Statements of Comprehensive Income

	Notes	Year ended 31 July 2024		Year ended 31 July 2023	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	32,733	32,733	31,594	31,594
Tuition fees and education contracts	3	3,185	3,185	3,350	3,350
Other grants and contracts	4	406	406	282	282
Other income	5	1,523	4,680	1,006	1,006
Investment income	6	431	431	213	213
Total income		38,278	41,435	36,445	36,445
EXPENDITURE					
Staff costs	7	23,510	23,510	23,487	23,487
Restructuring costs	7	63	63	108	108
Other operating expenses	8	10,279	10,304	9,872	9,872
Depreciation	11	3,544	3,544	3,005	3,005
Interest and other finance costs	9	71	71	132	132
Total expenditure		37,467	37,492	36,604	36,604
Surplus/(Deficit) before other gains and		811	3,943	(159)	(159)
Loss on disposal of tangible fixed assets		(6)	(352)	-	-
Surplus / (Deficit) before tax		805	3,591	(159)	(159)
Taxation	10	-	-	-	-
Surplus/(Deficit) for the year		805	3,591	(159)	(159)
Unrealised surplus on revaluation of assets		16	16	15	15
Remeasurement of net defined pension liability	18,23	(277)	(277)	2,965	2,965
Total comprehensive Income for the year		544	3,330	2,821	2,821
Represented by:					
Unrestricted comprehensive income		544	3,330	2,821	2,821
		544	3,330	2,821	2,821

Consolidated and College Statements of Changes in Reserves

Group	Income & Expenditure Account	Revaluation Reserve	Total
	£'000	£'000	£'000
Balance at 1st August 2022	21,135	6,439	27,574
Deficit for the year	(159)	-	(159)
Other comprehensive income	2,965	-	2,965
Transfer between revaluation and income and expenditure reserves	15	(15)	-
Total comprehensive income for the year	2,821	(15)	2,806
Balance at 31st July 2023	23,956	6,424	30,380
Surplus for the year	805	-	805
Other comprehensive income	(277)	-	(277)
Transfer between revaluation and income and expenditure reserves	16	(16)	-
Total comprehensive income for the year	544	(16)	528
Balance at 31st July 2024	24,500	6,408	30,908

College	Income & Expenditure Account	Revaluation Reserve	Total
	£'000	£'000	£'000
Balance at 1st August 2022	21,135	6,439	27,574
Deficit for the year	(159)	-	(159)
Other comprehensive income	2,965	-	2,965
Transfer between revaluation and income and expenditure reserves	15	(15)	-
Total comprehensive income for the year	2,821	(15)	2,806
Balance at 31st July 2023	23,956	6,424	30,380
Surplus for the year	3,591	-	3,591
Other comprehensive income	(277)	-	(277)
Transfer between revaluation and income and expenditure reserves	16	(16)	-
Total comprehensive income for the year	3,330	(16)	3,314
Balance at 31st July 2024	27,286	6,408	33,694

Consolidated and College Balance Sheets as at 31 July 2024

	Notes	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Fixed assets					
Tangible assets	11	53,875	49,142	46,550	46,550
Investments	12	185	185	185	185
Investments in subsidiary	12	-	2,880	-	-
		54,060	52,207	46,735	46,735
Current assets					
Debtors	13	4,437	4,443	2,856	2,856
Investments	14	9,000	9,000	9,000	9,000
Cash at bank and in hand	19	1,146	1,035	4,299	4,299
		14,583	14,478	16,155	16,155
Current Liabilities					
Creditors – amounts falling due within one year	15	(10,006)	(8,382)	(8,929)	(8,929)
		4,577	6,096	7,226	7,226
Net current assets					
		4,577	6,096	7,226	7,226
Total assets less current					
		58,637	58,303	53,961	53,961
Creditors – amounts falling due after more than one year	16	(27,253)	(24,133)	(23,108)	(23,108)
Provisions for liabilities					
Defined benefit pension scheme liability	18,23	-	-	-	-
Other provisions	18	(476)	(476)	(473)	(473)
		30,908	33,694	30,380	30,380
Total net assets					
Unrestricted Reserves					
Income and expenditure account		24,500	27,286	23,956	23,956
Revaluation reserve		6,408	6,408	6,424	6,424
		30,908	33,694	30,380	30,380
Total unrestricted reserves					

The financial statements on pages 33 to 60 were approved and authorised for issue by the Corporation on 16 December 2024 and were signed on its behalf on that date by:



Phil Wilkinson
Chair



Lisa O'Loughlin
Accounting Officer

Consolidated Statement of Cash Flows

	Notes	Group 2024 £'000	Group 2023 £'000
Cash flow from operating activities			
Surplus/(deficit) for the year		805	(159)
Adjustment for non-cash items			
Depreciation		3,544	3,005
Increase in debtors		(282)	(1,403)
Increase/(decrease) in creditors due within one year		741	(650)
(Decrease)/increase in creditors due after one year		(1,152)	1,431
Decrease in provisions		(25)	(26)
Pensions costs less contributions payable		(249)	663
Deferred capital grants released		(2,236)	(1,771)
Adjustment for investing or financing activities			
Investment income		(396)	(213)
Interest payable		71	75
Loss on sale of fixed assets		6	-
Net cash flow from operations		827	952
Cash flows from investing activities			
Deferred capital grants received		5,631	4,037
Proceeds from the sale of fixed assets		2	2
Investment income		396	213
New deposits		-	(4,000)
Payments made to acquire fixed assets		(10,285)	(3,569)
		(4,256)	(3,317)
Cash flows from financing activities			
Interest paid		(71)	(75)
New loans		570	-
Repayments of amounts borrowed		(223)	(214)
		276	(289)
Decrease in cash and cash equivalents in the year		(3,153)	(2,654)
Cash and cash equivalents at beginning of the year	19	4,299	6,953
Cash and cash equivalents at end of the year	19	1,146	4,299

Notes to the Financial Statements

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.

General information

Nelson & Colne College is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 20.

The nature of the College's operations is set out in the Strategic report.

Basis of accounting

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (F & HE SORP 2019)*, the *College Accounts Direction for 2023 to 2024* and *Regulatory Advice 9: Accounts Direction issued by the Office for Students* and in accordance with Financial Reporting Standard 102 — "*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*" (FRS 102) under the historical cost convention as modified to include the revaluation of certain fixed assets and to include investment properties at fair value. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The principal accounting policies applied in the preparation of these consolidated and college financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

The consolidated financial statements are presented in sterling which is also the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, NCC Professional Services Limited and NCC Energy Services Limited, controlled by the Group. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or sold are consolidated using the purchase method for the periods from or to the date that control passes. All financial statements are made up to 31 July 2024.

All intra-group transactions, balances and unrealised gains on transactions between group entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group.

Going concern

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

The Group and College currently have c£1.3m of loans outstanding with bankers on terms negotiated in 2008. The terms of the existing agreement are for up to another 5 years. There was no breach of covenants in the year to 31 July 2024.

During the year, the College agreed terms on a new loan facility with the Department for Education (DfE). The available loan facility is £5.5m and the College had drawn down £570k against this facility as at 31 July 2024. Under the terms of the facility, repayments of loan capital are due to commence from 1 April 2025.

The Group's and College's forecasts and financial projections indicate that they will be able to operate within these existing facilities and covenants for the foreseeable future.

At 31 July 2024 the Group had net current assets of £4.6 million (2022/23 — £7 million) and c£31 million of net assets (2022/23: £30m), after adjusting for FRS 102 defined benefit pension obligations.

The main ESFA 16-18 and AEB funding allocations for 2024/25 are confirmed as £16.6m (2022/23 - £14.6m) and £11.7m (2022/23 - £10.7m), respectively.

Accordingly, the Group and College have a reasonable expectation that they have adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102 and are recognised where a reliable estimate can be made for the period of what is receivable, depending on the particular income stream involved. 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.

Adult Education Budget ('AEB') grant funding income recognised is a best estimate of the amount receivable in accordance with the annual main funding guidance published by the ESFA and either determined as part of the reconciliation process or by separate agreement between the college and the ESFA at the reporting period end date. Any subsequent agreement to determination of the AEB funding after the reporting end date which is not provided for in the main funding guidance is not reflected in the income recognised. For 2023/24 the ESFA have confirmed that the tolerance level will remain at 97% for clawback of AEB, and the over-delivery threshold at 110%.

16-18 funding is not subject to reconciliation and is therefore not subject to any contract adjustments and is recognised when receivable.

Levy-funded and ESFA funding for co-investment model apprenticeships income is measured in line with best estimates of the provision delivered in the year.

The recurrent grant from the Office for Students ('OfS') represents the funding allocations attributable to the current financial year and is recognised when received or receivable.

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

Grants from non-government sources, including grants related to assets, are recognised in income when the performance related conditions have been met and the grant will be received. 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 grants

Government capital grants for assets 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 FRS102. The deferred income is allocated between creditors due within one year and those due after more than one year. 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.

The Salix grant of £3.1mn is recognised in the College in full as a performance grant as the assets being funded by the grant are held by the wholly owned subsidiary company NCC Energy Services Limited. These assets are under construction as at 31 July 2024. For Group consolidation purposes, this Salix grant is capitalised, held as deferred income and will be recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS102. The deferred income is allocated between creditors due within one year and those due after more than one year.

Fee income

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

Other income

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration.

Investment income

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

Retirement benefits

Retirement benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS), and the Local Government Pension Scheme (LGPS), which are multi-employer defined benefit plans.

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 the Government Actuary on the basis of valuations using a projected unit method.

The TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is for as a defined contribution scheme, with the amount charged to the statement of comprehensive income being the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments.

Lancashire Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. 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.

The net interest on the net defined benefit liability/asset is charged to comprehensive income and included within finance costs.

Re-measurement comprising actuarial gains and losses, the effect of the asset ceiling and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

The LGPS assets are managed by the scheme trustees at scheme level, and the determination/ allocation of assets to each individual employer in the scheme is managed by the scheme actuary. The assets are allocated to each employer for accounting purposes based on the valuation of the assets at the latest triennial valuation as adjusted for subsequent contributions received from the employer, asset returns and benefit payment made (either on a cash or actuarial basis).

The retirement benefit obligation recognised represents the deficit or surplus in the defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The People's Pension Scheme (PPS)

The People's Pension scheme is a trust-based defined contribution multi-employer scheme.

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. The cost of any unused holiday entitlement the College expects to pay in future periods is recognised in the period the employees' services are rendered.

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 comprehensive 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.

Fixed Asset Investments

Interest in subsidiaries are initially measured at cost and subsequently measured at cost less any impairment losses in the separate financial statements of the college.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in comprehensive income.

Other investments are stated at fair value through the profit or loss.

Tangible Fixed Assets

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

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

Land and buildings

Freehold buildings are depreciated on a straight-line basis over the expected useful economic life of their component parts to the College of between 10 and 80 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 10 and 80 years. Freehold land is not depreciated as it is considered to have an infinite useful life.

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

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

Equipment

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

Depreciation

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

- General equipment 7 years
- Motor vehicles 5 years
- Computer equipment 3 years
- Furniture, fixtures and fittings 7 years

Impairments of fixed assets

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure as a revaluation loss.

Borrowing costs

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

Leased assets

Costs in respect of operating leases and annual rents are charged to comprehensive income on a straight-line basis over the lease term.

Current Asset Investments

Current asset investments are stated at fair value, with movements recognised in comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

Cash and cash equivalents

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

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

Financial liabilities and equity

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

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

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover approximately 3% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

Agency arrangements

The College acts as an agent in distributing Bursary support funds from the funding bodies. Payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account of the College where the group does not have control of the economic benefit related to the transaction.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical areas of judgement

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

- Determine whether leases entered into by the Group 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.
- Determining the existence of a minimum funding requirement for the Local Government Pension Scheme to including in the asset ceiling in measuring and recognising a surplus in the scheme. This judgement is based on an assessment of the nature of the scheme as a statutory scheme and is the inherent implied continuance and the operation of the primary and secondary contributions.

Critical accounting estimates and assumptions

- 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, maintenance programmes, economic utilisation and physical condition of the assets are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Impairment of tangible assets

The Group considers 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.

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit balance 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 23, will impact the carrying amount of the pension balance. 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 obligation 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 balance.

2 Funding body grants

	Group Year 31 July 2024 £'000	College Year 31 July 2024 £'000	Group Year 31 July 2023 £'000	College Year 31 July 2023 £'000
Recurrent grants				
Education and Skills Funding Agency – 16-18	15,022	15,022	14,256	14,256
Education and Skills Funding Agency – Adult Education Budget	11,570	11,570	11,490	11,490
Education and Skills Funding Agency – Apprentices (funded)	2,198	2,198	2,122	2,122
Office for Students - HE	226	226	157	157
Specific grants				
Education and Skills Funding Agency	345	345	558	558
Teacher Pension Scheme contribution grant	961	961	788	788
Education and Skills Funding Agency – 16-19 Tuition Fund	360	360	297	297
Education and Skills Funding Agency – High value courses	264	264	257	257
Education and Skills Funding Agency – Free Courses for Jobs	141	141	154	154
Releases of government capital grants	1,646	1,646	1,515	1,515
Total	32,733	32,733	31,594	31,594

3 Tuition fees and education contracts

	Group Year Ended 31 July 2024 £'000	College Year Ended 31 July 2024 £'000	Group Year Ended 31 July 2023 £'000	College Year Ended 31 July 2023 £'000
Adult education fee income from non-qualifying courses	174	174	209	209
Apprenticeship fee income from non-qualifying courses	18	18	22	22
Fee income from non-qualifying FE loan supported	141	141	289	289
Fee income from HE taught awards	2,269	2,269	2,316	2,316
Total tuition fees	2,602	2,602	2,836	2,836
Education contracts	583	583	514	514
Total	3,185	3,185	3,350	3,350

4 Other grants and contracts

	Group Year ended 31 July 2024 £'000	College Year ended 31 July 2024 £'000	Group Year ended 31 July 2023 £'000	College Year ended 31 July 2023 £'000
Other grant income	406	406	282	282
Total	406	406	282	282

5 Other income

	Group Year ended 31 July 2024 £'000	College Year ended 31 July 2024 £'000	Group Year ended 31 July 2023 £'000	College Year ended 31 July 2023 £'000
Catering and residences	660	660	504	504
Other income generating activities	176	176	178	178
Non-government capital grants	590	3,710	256	256
Miscellaneous income	97	134	68	68
Total	1,523	4,680	1,006	1,006

6 Investment income

	Group Year ended 31 July 2024 £'000	College Year ended 31 July 2024 £'000	Group Year ended 31 July 2023 £'000	College Year ended 31 July 2023 £'000
Other interest receivable	396	396	213	213
Net interest on defined pension liability (Note 23)	35	35	-	-
Total	431	431	213	213

7 Staff costs and key management personnel remuneration

The average number of persons (including key management personnel) employed by the College during the year, expressed as average headcount and calculated on a monthly basis, was:

	Group 2024	College 2024	Group 2023	College 2023
	No.	No.	No.	No.
Teaching staff	316	316	334	334
Non-teaching staff	375	358	370	370
	691	674	704	704

Staff costs for the above persons	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Wages and salaries	17,891	17,537	17,457	17,457
Social security costs	1,733	1,706	1,685	1,685
Other pension costs	3,430	3,417	3,996	3,996
Payroll sub total	23,054	22,660	23,138	23,138
Contracted out staffing services	456	850	349	349
	23,510	23,510	23,487	23,487
Fundamental restructuring costs – Contractual	50	50	79	79
- Non-contractual	13	13	29	29
Total Staff costs	23,573	23,573	23,595	23,595

Severance payments

The College paid 6 severance payments in the year, all of which were in the £0 - £25,000 band:

Included in staff restructuring costs are special severance payments totalling £12,562 (2023 - £29,261). Individually, the payments were: £1,000, £9,000, £1,427 and £1,135.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team which comprises the Principal, two Deputy Principals, two Vice Principal and six Assistant Principals. Staff costs include compensation paid to key management personnel for loss of office.

7 Staff costs (continued)

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

	Group 2024	College 2024	Group 2023	College 2023
	No.	No.	No.	No.
The number of key management personnel including the Accounting Officer was:	11	11	9	9

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

	Key management personnel				Other staff			
	Group 2024	College 2024	Group 2023	College 2023	Group 2024	College 2024	Group 2023	College 2023
	No.	No.	No.	No.	No.	No.	No.	No.
£55,001 to £60,000	1	1	-	-	-	-	-	-
£60,001 to £65,000	-	-	-	-	2	2	2	2
£65,001 to £70,000	1	1	-	-	-	-	-	-
£70,001 to £75,000	1	1	4	4	-	-	-	-
£75,001 to £80,000	4	4	1	1	-	-	-	-
£80,001 to £85,000	-	-	1	1	-	-	-	-
£85,001 to £90,000	1	1	-	-	-	-	-	-
£90,001 to £95,000	-	-	-	-	-	-	-	-
£95,001 to £100,000	-	-	-	-	-	-	-	-
£100,001 to £105,000	-	-	1	1	-	-	-	-
£105,001 to £110,000	2	2	-	-	-	-	-	-
£110,001 to £115,000	-	-	1	1	-	-	-	-
£115,001 to £120,000	-	-	1	1	-	-	-	-
£120,001 to £125,000	-	-	-	-	-	-	-	-
£125,001 to £130,000	-	-	-	-	-	-	-	-
£130,001 to £135,000	-	-	-	-	-	-	-	-
£135,001 to £140,000	-	-	-	-	-	-	-	-
£140,001 to £145,000	-	-	-	-	-	-	-	-
£145,001 to £150,000	-	-	-	-	-	-	-	-
£150,001 to £155,000	-	-	-	-	-	-	-	-
£155,001 to £160,000	-	-	-	-	-	-	-	-
£160,001 to £165,000	-	-	-	-	-	-	-	-
£165,001 to £170,000	-	-	-	-	-	-	-	-
£170,001 to £175,000	-	-	-	-	-	-	-	-
£175,001 to £180,000	-	-	-	-	-	-	-	-
£180,001 to £185,000	-	-	-	-	-	-	-	-
£185,001 to £190,000	-	-	-	-	-	-	-	-
£190,001 to £195,000	1	1	-	-	-	-	-	-
	11	11	9	9	2	2	2	2

Key management personnel emoluments including pension contributions are made up as follows:

	Group 2024	College 2024	Group 2023	College 2023
	£'000	£'000	£'000	£'000
Salaries	984	984	778	778
Performance related pay and bonus	17	17	-	-
Benefits in kind	-	-	-	-
	1,001	1,001	778	778
Pension Contributions	231	231	164	164
National Insurance	124	124	98	98
Total emoluments	1,356	1,356	1,040	1,040

7 Staff costs (continued)

In the year to 31 July 2024 and 31 July 2023, there were no amounts due to key management personnel that were waived in the year. In common with all College employees, key management personnel benefit from the childcare and cycle scheme salary sacrifice arrangements in place.

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer).

Mr David Rothwell held the post of Interim CEO and Accounting Officer from 11 July 2022 until 21 December 2022. His substantive post is Deputy Principal Finance and Resources, which he has continued to hold from 22 December 2022 onwards.

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Salaries	-	-	118	118
Benefits in kind	-	-	-	-
	-	-	118	118
Pension contributions	-	-	21	21

Mrs Lisa O'Loughlin held the post of CEO and Accounting Officer from 22 December 2022. Amounts payable to her during the year were:

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Salaries	175	175	114	114
Performance related pay and bonus	17	17	-	-
Benefits in kind	-	-	-	-
	192	192	114	114
Pension contributions	49	49	27	27

The remuneration of the Accounting Officer for 2023-24 was determined on 29 November 2023 by the College's Remuneration Committee and approved by the Corporation on 18 December 2023. The Accounting Officer was not involved in setting their remuneration. The College operates within the framework and requirements of the AoC Colleges Senior Postholder Remuneration Code, which was adopted by the Board on 25 September 2019. The factors considered by the Board in determining the accounting officer's remuneration for the year to 31 July 2024 included: previous increases; components of pay in prior year; the level of the whole college staff pay award; performance against personal objectives; and AoC sector data on pay of accounting officers. Performance was measured by the achievement of the key performance indicators. A similar approach was used to determine the remuneration of other key management personnel.

7 Staff costs (continued)

The relationship between the Accounting Officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	Group and College	
	2024 No.	2023 No.
Basic salary as a multiple of median basic salary of staff	6.0	6.1
Total remuneration as a multiple of median total remuneration of staff	6.6	6.4

The pension contributions in respect of the Accounting Officer and other key management personnel are in respect of employer's contributions to the Teacher's Pension Scheme and the Local Government Superannuation Scheme and are paid at the same rate as for other employees.

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.

Governors' remuneration

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

The total expenses paid to or on behalf of the Governors during the year was £237, 2 governors (2023: £111, 1 governor). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

8 Other operating expenses

	Group	College	Group	College
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Teaching departments	2,155	2,155	1,900	1,900
Teaching support services	1,033	1,033	928	928
Administration and central services	2,053	2,078	1,974	1,974
Examination costs	1,183	1,183	1,163	1,163
Premises costs	2,218	2,218	2,337	2,337
Catering and residences	433	433	290	290
ESFA franchised provision	1,180	1,180	1,262	1,262
Other expenses	24	24	18	18
Total	10,279	10,304	9,872	9,872

Other operating expenses include:

	Group and College	
	2024	2023
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	47	37
Internal audit	18	18
Other services provided by the financial statements auditor	22	35
Hire of assets under operating leases	<u>79</u>	<u>74</u>

9 Interest and other finance costs

	Group	College	Group	College
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
On bank loans and overdrafts:	70	70	75	75
On DfE loans:	1	1	-	-
	<u>71</u>	<u>71</u>	<u>75</u>	<u>75</u>
Net interest on defined pension liability (note 23)	-	-	57	57
	-	-		
Total	71	71	132	132

10 Taxation

The Corporation do not believe the Group or College was liable for any corporation tax arising out of its activities during this year or the prior year.

11 Tangible fixed assets

Group	Land and buildings	Assets under construction	Equipment	Total
Cost or valuation	£'000	£'000	£'000	£'000
At 1 August 2023	51,471	2,957	10,445	64,873
Additions	3,109	6,049	1,719	10,877
Disposals	-	-	(225)	(225)
Transfers	2,612	(2,612)	-	-
At 31 July 2024	57,192	6,394	11,939	75,525
Depreciation				
At 1 August 2023	10,335	-	7,988	18,323
Charge for the year	2,351	-	1,193	3,544
Elimination in respect of disposals	-	-	(217)	(217)
At 31 July 2024	12,686	-	8,964	21,650
Net book value at 31 July 2024	44,506	6,394	2,975	53,875
Net book value at 31 July 2023	41,136	2,957	2,457	46,550

College	Land and buildings	Assets under construction	Equipment	Total
Cost or valuation	£'000	£'000	£'000	£'000
At 1 August 2023	51,471	2,957	10,445	64,873
Additions	3,109	1,660	1,719	6,488
Disposals	-	(344)	(225)	(569)
Transfers	2,612	(2,612)	-	-
At 31 July 2024	57,192	1,661	11,939	70,792
Depreciation				
At 1 August 2023	10,335	-	7,988	18,323
Charge for the year	2,351	-	1,193	3,544
Elimination in respect of disposals	-	-	(217)	(217)
At 31 July 2024	12,686	-	8,964	21,650
Net book value at 31 July 2024	44,506	1,661	2,975	49,142
Net book value at 31 July 2023	41,136	2,957	2,457	46,550

11 Tangible fixed assets (continued)

In 2016 buildings were valued, as at 31 July 2014, at depreciated replacement cost by Gerald Eve LLP, a firm of independent chartered surveyors.

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

	£'000
Cost	72,674
Aggregate depreciation based on cost	26,436
Net book value based on cost	46,238

12 Non-current asset

	Group	College	Group	College
	2024	2024	2023	2023
College	£'000	£'000	£'000	£'000
Investments in associate companies	-	2,880	-	-
Investment property	185	185	185	185
Total	185	3,065	185	185

The College is one of eleven members of The Lancashire Colleges Limited, a company limited by guarantee and registered in England and Wales. The principal business activity of the company is to advise and assist educational institutions in respect of funds and grants that may be available to them. This investment has not been consolidated in the College's financial statements.

The College is one of eight equal guarantors (12.5% each) for the Lancashire and Cumbria Institute of Technology Ltd, a company limited by guarantee incorporated 25 August 2022. The principal business activity of the company is the development and delivery of technical Higher Education qualifications in partnership with employers. This investment has not been consolidated in the College's financial statements.

The College owns 100% of the share capital of two subsidiary companies. NCC Professional Services Ltd was incorporated 28 November 2022, its principal activity is the supply of support services to Nelson & Colne College. NCC Energy Services Ltd was incorporated 19 October 2023, its principal activity will be the supply of low carbon power to Nelson & Colne College. During 2023/24, the company commenced construction of the facilities required to supply low carbon power. The cost of the investment in this company at 31 July 2024 is £2,880,000.

A building within the College's portfolio continues to be used as an investment property and commercially let as a residential dwelling. The carrying value of £185,000 was derived from a professional valuation (open market value basis) undertaken in October 2021.

13 Debtors

	Group	College	Group	College
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	108	108	364	364
Amounts owed by group undertakings	-	37	-	-
Capital grant debtors	1,954	1,954	656	656
Amounts owed by the ESFA	1,194	1,194	996	996
Prepayments and accrued income	1,181	1,150	840	840
Total	4,437	4,443	2,856	2,856

14 Current asset investments

	Group	College	Group	College
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Short term deposits	9,000	9,000	9,000	9,000
Total	9,000	9,000	9,000	9,000

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than one-month maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

15 Creditors: amounts falling due within one year

	Group	College	Group	College
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	231	231	222	222
DfE loan	138	138	-	-
Trade payables	602	602	470	470
Amounts owed to subsidiary undertakings	-	6	-	-
Fixed asset creditors	2,273	670	1,681	1,681
Other taxation and social security	404	383	408	408
Accruals and deferred income	3,245	3,239	2,216	2,216
Holiday pay accrual	430	430	389	389
Deferred income - government capital grants	2,219	2,219	2,622	2,622
Amounts owed to the ESFA	464	464	921	921
Total	10,006	8,382	8,929	8,929

16 Creditors: amounts falling due after one year

	Group	College	Group	College
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Bank loans	1,064	1,064	1,296	1,296
DfE loan	432	432	-	-
Deferred income - government capital grants	25,476	22,356	20,380	20,380
Government capital grants received – not yet committed	281	281	1,432	1,432
Total	27,253	24,133	23,108	23,108

17 Bank loans and overdrafts

Bank loans and overdrafts and DfE loan are repayable as follows:

	Group	College	Group	College
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
In one year or less	369	369	222	222
Between one and two years	515	515	231	231
Between two and five years	930	930	746	746
In five years or more	51	51	319	319
Total	1,865	1,865	1,518	1,518

Bank loans of £1,045k at a fixed interest rate of 4.71 per cent and £250k at base rate plus 0.45 per cent are repayable by quarterly instalments over a 5-year period ending in 2029. The DfE loan facility agreement of £5.5m to fund the Group's Public Sector Decarbonisation Scheme (PSDS) was executed in December 2023. As at 31 July 2024, £570k had been drawn down, the remaining facility required will be drawn down by 31 March 2025. The DfE loan attracts interest at the Public Works Loan Board (PWLB) standard rate, revised annually on 1 April each year. The rate as at 1 April 2024 was 5.6 per cent. The loan is repayable in quarterly instalments over a 14-year period ending in 2038.

18 Provisions

Group and College	Defined benefit obligations (note 23)	Enhanced pensions	Total
	£'000	£'000	£'000
At 1 August 2023	-	473	473
Expenditure in the period	(1,356)	(49)	(1,405)
Actuarial (gain)/loss	(666)	28	(638)
Restriction to level of asset ceiling	915	-	915
Additions in period	1,107	24	1,131
At 31 July 2024	-	476	476

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 23. The enhanced pension provision relates to the cost of staff who have already left the College. 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	4.80%	5.00%
Discount rate	2.80%	2.80%

19 Consolidated analysis of changes in net funds

	At 1 August 2023	Cash flows	Other changes	At 31 July 2024
	£'000	£'000	£'000	£'000
Cash and cash equivalents	4,299	(3,153)	-	1,146
Bank loans	(1,518)	(347)	-	(1,865)
Current asset investments	9,000	-	-	9,000
Net funds	11,781	(3,500)	-	8,281

20 Capital and other commitments

Group and college	2024	2023
	£'000	£'000
Commitments contracted for at 31 July	<u>551</u>	<u>269</u>

21 Lease obligations

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

Group and College	2024	2023
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	30	30
Later than one year and not later than five years	-	30
Later than five years	-	-
	<u>30</u>	<u>60</u>
Other		
Not later than one year	28	51
Later than one year and not later than five years	36	40
Later than five years	-	-
	<u>64</u>	<u>91</u>
Total lease payments due	<u>94</u>	<u>151</u>

22 Contingent Liabilities

Under a restructuring facility grant funding agreement with the ESFA the College has received £6.5mn towards the cost of merger with Accrington and Rossendale College. £3.5mn of the total monies received under the grant funding agreement is designated as being recoverable finance performance-related grant. The grant funding agreement outlines that for three financial year periods going forward until 31 July 2025, the financial performance of the College will be annually assessed to compare an actual Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) measure against an agreed target of 5% of income. In the event that the College's performance is in excess of the target, 50% of the additional cash generated is in scope to be paid to the ESFA as repayable grant. The assessment for the year ending 31 July 2024 results in no repayable grant due.

On 30 November 2018, the College granted the Department for Education a legal charge over the land and buildings at the Accrington & Rossendale College, Broad Oak Campus.

23 Defined benefit obligations

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

Total pension cost for the year	2024	2023
	£000	£000
Teachers' Pension Scheme: contributions paid	2,275	2,079
Local Government Pension Scheme:		
Contributions paid	1,356	1,311
FRS 102 (28) charge	<u>(214)</u>	<u>606</u>
Charge to the Statement of Comprehensive	1,142	1,917
Enhanced pension charge to Statement of	-	-
Comprehensive Income		
Total pension cost for year within staff costs	<u>3,417</u>	<u>3,996</u>

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.

Contributions amounting to £430,115 (2023: £389,768) were payable to the schemes at 31 July and are included within creditors.

Teachers' pension scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. 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. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan, so it is accounted for as a defined contribution plan.

23 Defined benefit obligations (continued)

Valuation of the Teachers' Pension Scheme

Not less than every 4 years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation was carried out as at 31 March 2020 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2023 and the Employer Contribution Rate was assessed using agreed assumptions in line with the Directions and was accepted at the original assessed rate as there was no cost control mechanism breach.

Valuation of the Teachers' Pension Scheme

The valuation report was published on 26 October 2023. The key results of the valuation are:

- Total scheme liabilities for service (the capital sum needed at 31 March 2020 to meet the stream of future cash flows in respect of benefits earned) of £262 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £222 billion
- Notional past service deficit of £39.8 billion (2016 £22 billion)
- Discount rate is 1.7% in excess of CPI (2016 2.4% in excess of CPI (this change has had the greatest financial significance)

As a result of the valuation, new employer contribution rates have been set at 28.6% of pensionable pay from 1 April 2024 until 1 April 2028 (compared to 23.68% under the previous valuation including a 0.08% administration levy). DfE agreed to pay a Teachers Pensions employer contribution grant to cover the additional costs during the 2023-24 academic year, and currently through to July 2025.

The pension costs paid to TPS in the year amounted to £2,275,000 (2023: £2,079,000).

Local Government pension scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Lancashire County Council. The total contributions made for the year ended 31 July 2024 were £1,791,000 of which employer's contributions totalled £1,356,000 and employees' contributions totalled £435,000. The agreed contribution rates for up to 31 March 2024 were 19.3% for employers and range from 5.5% to 12.5% for employees, depending on salary. The agreed contribution rates from 1 April 2024 are 20.1% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an FE body in the statutory sector closure, where there is no transfer or merger, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 12 November 2024.

Principal actuarial assumptions

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

	At 31 July 2024	At 31 July 2023
Rate of increase in salaries	4.1%	4.2%
Future pensions increases	2.7%	2.8%
Discount rate for scheme liabilities	4.9%	5.1%
Inflation assumption (CPI)	2.6%	2.7%
Commutation of pensions to lump sums	50%	50%

23 Defined benefit obligations (continued)

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	At 31 July 2024	At 31 July 2023
	years	years
<i>Retiring today</i>		
Males	21.0	21.0
Females	23.5	23.4
<i>Retiring in 20 years</i>		
Males	22.2	22.2
Females	25.3	25.2

The College's share of assets in the plan at the balance sheet date were:

	Fair Value of assets	
	2024	2023
	£'000	£'000
Equity instruments	35,387	33,662
Government bonds	74	278
Other bonds	74	-
Property	6,306	6,607
Cash/liquidity	1,039	417
Other	30,641	28,585
Total fair value of plan assets	73,521	69,549
Actual return on plan assets	4,703	1,586

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

	2024	2023
	£'000	£'000
Amounts included in staff costs		
Current service cost	1,100	1,874
Administration expenses	42	42
Past service cost	-	-
Curtailement cost	-	1
Total	1,142	1,917
Amounts included in investment income and interest and other finance costs (notes 6 and 9)		
Net interest (income)/cost	(35)	57
	(35)	57
Amount recognised in other comprehensive Income		
Return on pension plan assets	1,158	(4,706)
Experience gain arising on defined benefit obligations	271	221
Changes in assumptions underlying the present value of plan liabilities	(763)	20,447
Restriction to level of asset ceiling	(915)	(13,049)
Amount recognised in other comprehensive income	(249)	2,913

23 Defined benefit obligations (continued)**Changes in the present value of defined benefit obligations**

	2024	2023
	£'000	£'000
Defined benefit obligations at start of period	56,500	74,574
Current service cost	1,100	1,874
Interest Cost	2,846	2,579
Contributions by Scheme participants	435	445
Actuarial (gains)/losses	492	(20,668)
Benefits Paid	(1,816)	(2,305)
Past Service cost	-	-
Curtailments and settlements	-	1
Defined benefit obligations at end of period	59,557	56,500
	2024	2023
	£'000	£'000
Fair value of plan assets at start of period	69,549	72,324
Interest on plan assets	2,881	2,522
Actuarial gain	1,158	(4,706)
Employer contributions	1,356	1,311
Administration expenses	(42)	(42)
Contributions by Scheme participants	435	445
Estimated benefits paid	(1,816)	(2,305)
Fair value of plan assets at end of period	73,521	69,549

The College is aware that the Court of Appeal has recently upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgment means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained. Until further investigations have been completed by the UK Government's Actuary's Department and/or any legislative action taken by the government, the potential impact if any, on the valuation of scheme liabilities remains unknown.

	2024	2023
	£'000	£'000
Present value of defined benefit obligations	(59,557)	(56,500)
Fair value of plan assets	73,521	69,549
Net asset	13,964	13,049
Restriction to level of asset ceiling	(13,964)	(13,049)
Net asset recognised in the balance sheet	-	-

The value of the College's share of net assets has been restricted due to the effect of the asset ceiling being the maximum of the present value of the economic benefits available in the form of the unconditional right to reduced contributions from the plan. A corresponding charge has been made to the other comprehensive income in the period.

24 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.

There were related party transactions to the College's subsidiaries which are removed from the College's accounts upon consolidation.

There have been no other related party transactions in the year (2023: none)

25 Amounts disbursed as agent

	2024	2023
	£'000	£'000
Funding body grant – ESFA 24+ advanced learning loan	65	127
Funding body grant – ESFA 16-18 bursary	547	491
Funding body grant – ESFA 16-18 free meals	125	107
Funding body grant – ESFA 16-18 Vulnerable students bursaries	44	32
	781	757
Disbursed to students	(736)	(597)
Administration costs	(45)	(30)
	-	130

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

26 Access and participation expenditure

	2024	2023
	£'000	£'000
Access investment	17	8
Retention and Success	162	125
Hardship	31	51
Supporting Progression	6	2
	216	186

The College's access and participation plan is available on the College's website at:

https://www.nelsongroup.ac.uk/wp-content/uploads/2023/12/Nelson-and-Colne-College_APP_2024-25_V1_10004552.pdf

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF NELSON & COLNE COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 4 August 2024 and further to the requirements of the accountability agreement, grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") and the Department for Education (the "DfE") or those of any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by Nelson & Colne College during the period 1 August 2023 to 31 July 2024 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

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.

We have complied with the independence and other ethical requirements of the FRC's Ethical Standard and the ethical pronouncements of the ICAEW. We also apply International Standard on Quality Management (UK) 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and accordingly maintain comprehensive systems of continuing quality management. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Corporation of Nelson & Colne College for regularity

The Corporation of Nelson & Colne College is responsible, under the grant funding agreements and contracts with the ESFA and 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 which govern them. The Corporation of Nelson & Colne College is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity

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.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and those of any other public funder and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

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.

Use of our report

This report is made solely to the Corporation of Nelson & Colne College 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 of Nelson & Colne College 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 of Nelson & Colne College and the Secretary of State for Education acting through the ESFA for our work, for this report, or for the conclusion we have formed.



RSM UK AUDIT LLP

Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
Lancashire
PR2 5PE

20/12/24