



**Salford City College**

Annual Report and Financial Statements

Year ended 31<sup>st</sup> July 2023

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## **Reference and Administrative Details**

### **Board of Governors**

Jackie Flynn (Chair)	Adam Fidler (Vice Chair)
Rebecca Parks (Group Principal & Chief Executive)	Sam Butler
Adrian Connell (from 28 September 2022)	Dr. Martin Toner
Ann Gavin-Daley (from 17 April 2023)	Sally Kells
Janet Ndungu (until 31 July 2023)	Charles Davies (until 16 March 2023)
Anthony Redmond	Lucy Robinson
Michael Sharples	Paula Summersfield
Roger Cunliffe (Staff Governor)	Martin Townsend (Staff Governor)
Kenda Ebeidin (Student Governor) (until 31 August 2023)	Natalia Dimitrova (Student Governor)
Jesper Foster (Student Governor) (from 20 September 2023)	

### **Clerk / Company Secretary**

Mrs Denise Hark (until 10 September 2023)  
Mr Ashley Newell (from 11 September 2023)

### **Senior Post Holders**

Mrs Rebecca Parks	Group Principal & Chief Executive, Accounting Officer
Ms Karen Hollins	Chief Financial Officer
Mrs Kimberley Cash	Deputy Group Principal

**Principal and Registered Office – SCC Group, Pendleton College, Dronfield Road, Salford, M6 7FR**

### **Professional advisers**

<b>Financial statements auditors and reporting accountants:</b> Wylie & Bisset (Audit) Limited 168 Bath Street Glasgow G2 4TP	<b>Internal auditors:</b> ICCA Education, Training and Skills Limited 3 <sup>rd</sup> Floor, Charles House Great Charles Street Queensway Birmingham B3 3HT
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### **Bankers:**

Lloyds Bank plc 8 <sup>th</sup> Floor 40 Spring Gardens Manchester M2 1EN	Barclays Bank plc 3 Hardman Street Spinningfields Manchester M3 3HF
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### **Solicitors:**

DWF LLP Solicitors 1 Scott Place 2 Hardman Street Manchester M3 3AA	Hill Dickinson LLP 50 Fountain Street Manchester M2 2AS
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# Strategic Report of the Corporation

## OBJECTIVES AND STRATEGY

The Corporation members present their annual report together with the financial statements and auditor's report for the year ended 31 July 2023.

### Legal status

Salford City College was formed on 2 January 2009 from the three existing colleges in Salford. On 1 January 2009 Pendleton College acquired the assets and liabilities of Eccles College and Salford College. This was achieved by the dissolution of the corporations of Eccles College and Salford College and a transfer of their employees, assets and liabilities into Pendleton College under section 27 of the Further and Higher Education Act 1992.

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Pendleton College but it changed its name to Salford City College on 2 January 2009. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

On 29 November 2022, the Office for National Statistics reclassified the statutory FE sector in England into central government, resulting in all college corporations becoming public sector institutions. The reclassification places new responsibilities on corporations, including ensuring that any transactions entered into by the Corporation are within the delegated authorities as set out by the Department for Education, and that prior approval is sought and obtained for any transactions beyond those delegated authorities. As a result, the Department for Education introduced some new rules for colleges, some of which took effect immediately, whilst others will take effect during the transitional arrangements to Autumn 2024.

## Mission, Vision, Strategy and Objectives

### Our Strategic Plan

In July 2022, the College launched its Strategy 2022 to 2025, with a refreshed vision, objectives and values. The strategic plan outlines our direction and sets out how best to achieve this, with the Skills and Post-16 Education Act 2022 and local skills agenda central to our thinking. A review of the strategic plan was undertaken in May 2023, with an assessment of progress against the year one objectives to ensure successful completion. The full strategic plan, corresponding strategy video, and year 1 review can be found on the College's website.

### Our Vision

*To be a beacon of educational excellence, transforming the lives of the individuals and communities we serve.*

### Our Shared Purpose

*We believe in the value of education for a successful future.*

### College Intent

The theory underpinning our strategic plan focuses on quality. Quality is central to everything the College strives to do, whether that is in our academic provision or our professional services. This focus leads to increased growth, greater efficiency and sustainability within a continuing cycle.

Our intent for the College, across our curriculum and all services, is to be:

- **Inclusive** – We deliver a broad, balanced and inclusive curriculum for all our learners including those with special educational needs and disabilities (right learner/right course/right level)
- **High Quality** – We adopt a consistent approach across all our sites, ensuring high quality provision is delivered to every single learner so they can achieve the best possible outcomes and progress onto their next steps.
- **Literacy and Numeracy** – We strive to improve levels of literacy and numeracy across the Group, especially post – pandemic and in a Salford context.

- **Careers and Skills** – We actively promote career opportunities and skills development rather than just focusing on qualifications.
- **Support** – We achieve the right conditions to ensure all learners are supported, have enrichment opportunities and are always recognised.

## Our Objectives

- **Teaching and Learning** – To inspire people in our city and region through the provision of an outstanding, inclusive, and ambitious curriculum which is an engine for social mobility.
- **Welfare** – To safeguard and promote the health, safety, and positive well-being of all who study and work at the College.
- **Resource and Business Operations** – To manage the College's finances, estates, and resources effectively to provide an exceptional and sustainable learning environment.
- **External Presence** – To develop a clear eco system with productive links to schools, universities, employers, and other key partners, whilst raising the external profile of the College.
- **People** – To be an exceptional employer where staff are developed and thrive because they feel valued, engaged, and challenged.
- **Sustainability** – To lead by example on environmental sustainability, providing solutions through collaboration and engagement, underpinned by our commitment to the Green agenda.

## Our Values

Our core values are at the heart of everything that we do, and we behave with:

- **Integrity**
- **Respect**
- **Kindness**

## Our Financial objectives

The key ongoing financial objectives are:

- Generation of a surplus excluding pension adjustment (2022-23: £987k surplus).
- Achievement of at least a 'Good' financial health rating from the Education Skills Funding Agency (2022-23: 'Outstanding').
- Achievement of an adjusted current ratio of 1.1 (2022-23: 2.49).
- Maintenance of cash days of 50 (2022-23: 119).

As with the whole of the sector, the College has had a challenging year in relation to the impact of the increasing cost of living, and the legacy of the Covid-19 pandemic. However, the quality, growth and efficiency objectives have been met, and the College has achieved a strong financial position and cash balance in excess of its plan.

## Resources

Salford City College has a wide range of resources that it can deploy in pursuit of its strategic priorities.

The College employed an average of 719 people (562 when expressed as full-time equivalents), of whom 351 were teaching staff (306 when expressed as full-time equivalents).

The College enrolled approximately 9,952 students. The College's student population includes 4,503 16 to 18 year old students, 1,636 apprentices, 223 higher education students, and 2,714 adult learners. There were no international students.

The College has £27,811k of net assets (2021-22: £26,824k of net assets), including a £nil pension liability (2021-22: £nil liability), and total debt of £5,395k (2021-22: £5,784k), £360k of which is deemed to be due within one year (2021-22: £418k). The College's cash balance at 31<sup>st</sup> July 2023 was £12,658k (2021-22: £10,223k).

Tangible resources include the main college sites at Dronfield Road, Lissadel Street, Merchant's Quay in Salford, FutureSkills at MediaCity, Chatsworth Road in Eccles and Walkden Road in Worsley. In addition to these main sites, the needs of learners are met in a number of community-based venues across the City of Salford.

Maintaining brands is essential for the College's success at attracting students and developing external relationships. Trading as SCC Group, the College markets its provision under the banners of five colleges and two brands. The five colleges are Eccles Sixth Form College, Pendleton Sixth Form College, City Skills, Worsley College, and Future Skills at MediaCityUK, whilst the two brands are University Centre at Salford City College and Apprenticeships at Salford City College.

The College has an outstanding reputation locally and nationally. In the last Ofsted inspection in December 2019, the outcome remained a grade 2 meaning the College continues to be a Good provider.

The College is registered with the Office of Students, to deliver its higher education provision.

Maintaining a quality brand is essential for the College's success at attracting students and external relationships for the furtherment of its mission. In year, the College was successful in a number of external awards:

- Winner of *Construction Apprenticeship Awards' Level 2 Construction Apprentice of the Year 2023*
- Winner of *Salford Business Awards' Community Award 2023*
- Winner of *NCFE Aspiration Awards' Apprentice of the Year 2023*
- Winner of a *Greater Manchester Colleges Alumni Award*
- Highly commended in the *Pearson National Teaching Awards' Team of the Year* category
- Highly commended in the *Pearson National Teaching Awards' SEN Teacher of the Year* category
- Commended in *The Association of College's Beacon Awards' NOCN Group Award for Mental Health and Wellbeing* category
- Commended in *The Association of College's Beacon Awards' RCU Support for Students* category

## **Stakeholders**

The College has many stakeholders including:

- its current, future and past students;
- its staff and their trade unions. The senior leadership team are named on page 1. The trade unions of which Salford City College staff are members are UNISON, NASUWT, National Education Union, and University and College Union;
- the employers it works with;
- the professional organisation for each of the sectors in which it operates;
- its partner schools and universities;
- the wider college community;
- Salford City Council, Greater Manchester Combined Authority and Chambers of Commerce.

The College recognises the importance of these relationships and engages in regular communication with its stakeholders. Particular focus has been given on ensuring strong relationships with employers to support curriculum development and the learning experience, aligned to the needs of local and regional economic demands, and the Greater Manchester Local Skills Improvement Plan. The College has representatives on a number of key groups and leads in many of these areas.

## **Public Benefit**

Salford City 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 Corporation, who are trustees of the charity, are disclosed on page 1. In setting and reviewing the College's strategic objectives, the Corporation has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to 9,952 students, including 112 students 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 1,636 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.

The College places significant emphasis on its social remit, and this is at the centre of its practices. The College also endeavours to find the right course for every learner to enable them to reach their potential.

## **DEVELOPMENT AND PERFORMANCE**

### **Financial Review and Results**

The College focuses on monitoring performance based on its operating position, which excludes the pension adjustment. The College generated a surplus excluding pension adjustment of £987k (2021-22: £463k surplus). The College has performed more favourably than budgeted in its financial plan. Despite both sector-specific and wider economic challenges faced in year, the College has exceeded its financial plan, and continues to focus on building strong financial foundations.

The College continues to have significant reliance on the education sector funding bodies as its principal funding source, largely from recurrent grants. In 2022-23, the College received 90% (2021-22: 89%) of its total income from funding bodies, most notably from the Education and Skills Funding Agency (ESFA) for 16-18 provision. The increase in funding body grant income from the prior year was largely due to 16-18 funding from the ESFA, following an increase in funding per student. The College has again received additional in-year funding in relation to Covid-19 in 2022-23 from the ESFA 16-19 Tuition Fund, to support small group tuition to facilitate catch-up and focussed learning. As a result of these additional income streams, alongside the cost of living crisis, there has been an increase in staff and other operating costs from the prior year. The position masks a substantial underspend against the staffing budget in year, chiefly driven by the sector-wide difficulty in recruitment.

The College generated a surplus before other gains and losses in the year of £237k (2021-22: deficit of £2,761k).

The actuarial gain on the pension schemes has resulted in total comprehensive income for the year of £987k (2021-22: £26,644k income).

During the year, the College incurred restructuring costs of £145k (2021-22 £80k).

At the balance sheet date, the College held net current assets of £7,433k (2021-22: £5,280k). The movement in year reflects an improvement in the cash position. The College held total net assets of £27,811k (2021-22: £26,824k), which includes a defined benefit pension liability of £nil (2021-22: £nil liability).

### **Cash flows and liquidity**

The College's net cash flow from operating activities was £7,631k (2021-22: £3,043k), which was a significant increase from the prior year. This increase is due to the financial performance for the year which exceeded expectations, and the receipt of external capital funding grants which have yet to be spent and released into the income statement. The College's overall net cash inflow is £2,435k (2021-22: £1,158k), after financing £4,535k of tangible fixed asset purchases and total debt servicing costs of £688k.

The College holds two loans, one being a £5.375m loan with a fixed interest rate of 5.367% and the other being a £2.5m loan with a variable interest rate of Base Rate plus 1.9%. The outstanding balance on the loans was £5.395m on 31<sup>st</sup> July 2023 (31<sup>st</sup> July 2022: £5.784m).

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 cashflow. During the year this margin was easily exceeded and the loan covenants were complied with.

Capital expenditure funded by cash reserves increased in year in line with improved cash balances.

No financial support was applied for by the College.

The College received £30k (2021-22: £30k) from the Booth Charities to provide bursaries to support Salford students aspiring to attend University for their ongoing studies.

### **Developments**

The College's ongoing investment in its estate continued, with tangible fixed asset additions during the year amounting to £4,481k. This was split between property improvements of £1,689k, fixtures and fittings of £464k, and equipment purchases of £730k, and assets under construction of £1,598k.

## **Developments (continued)**

The College invested significant funds in year to upgrade the condition of the estate and improve energy efficiency. This investment includes £1,820k of external funding received from the Department for Education's Further Education Capital Transformation Fund, supplemented by a College contribution of £1,214k, for projects to upgrade the condition of the estate. The College also receive significant external funding through the ESFA Energy Efficiency Allocation and the ESFA Reclassification Allocation, and whilst most of these funds will be spent in the following financial year, £314k and £270k respectively was invested to support delivery of the College's Heat Decarbonisation Plan.

From a curriculum perspective, investments included £167k for the upgrade of a construction suite funded from the Department for Education's Strategic Development Fund via a joint bid by the Greater Manchester Colleges Group, and £185k for laboratories and equipment for our Health & Social Care and Digital higher education programmes funded from a bid to the Office for Students.

## **Reserves**

The College has accumulated reserves of £27,811k and cash balances of £12,658k. The accumulated reserves excluding the defined pension asset in relation to the LGPS pension scheme also stand at £27,811k. The College wishes to continue to accumulate reserves and cash balances to create a contingency fund, and to fund the further development of the College estate.

## **Group Companies**

The College does not own or control any subsidiary companies.

## **FUTURE PROSPECTS**

### **Future developments**

The ambition of the College is to create a curriculum and supporting infrastructure which is distinctive and meets the needs of individual learners. The College has two sixth form centres, together with a range of vocational skills centres placed in areas of defined need, and will maintain its five college and two brand approach with distinctive cultures serving the needs of specific cohorts of students across the City.

The College's vision, aims and objectives establish a clear emphasis on quality, efficiency, growth, and sustainability. Following the progress made in 2021-22, the financial year 2022-23 has seen significant further developments in the College, and has laid the foundation to enable future change to support the College's key aims, namely to establish financial stability and invest in quality improvement.

Linked to modest demographic increases in school leavers in the local area over the next three years, followed by a significant increase change at that point, the College is well positioned to be the destination of choice, with ever increasing standards of educational delivery. Our curriculum offering will continue to evolve to reflect current and future needs of our local community, and the City's economic development and skills needs, as well as the Greater Manchester Local Skills Improvement Plan, and is responsive to national changes. It is well designed to support the ongoing development of T-Levels, and to accommodate the new era of student, where outcomes are not compromised post-pandemic.

A strategic plan for 2022 to 2025 was developed in 2022, reflecting the progress made in recent years, as well as the Skills and Post-16 Education Act 2022. The College is well placed to respond to further education reform, and to support the development of skills to meet economic needs. At the heart of the future strategy remains the same vision and core guiding principles, with a balance struck between growth and the need to maintain quality, efficiency and sustainability, and with an emphasis on educating the whole person through the hidden curriculum, developing life skills, employability skills, positive progression outcomes, and ensuring local people secure local jobs.

## **Future developments (continued)**

A greater focus on technology and more versatile curriculum delivery has arisen in recent years, and this will continue to be invested in moving forward to support our high-quality teaching and learning objective. Online and blended learning models have the potential to further enhance standards and reach a greater number of students, particularly developing the potential for more adult learners to take on studies. Not all learners will engage effectively with remote delivery learning models however, and any such provision would be tailored to ensure quality and optimal the learner experience.

With the pandemic highlighting the feasibility of areas of hybrid working, there is the potential for the College to continue to grow without the need for additional estate to support the College's professional functions, and further support efficient ways of working.

The College will continue to invest significant funds to upgrade the condition of the estate and improve energy efficiency during the coming year. A further £2,213k of external funding is due to be received from the Department for Education's Further Education Capital Transformation Fund, supplemented by a College contribution of £1,509k, for projects to upgrade the condition of the estate, with completion due by December 2024. The College will also invest the remaining external funding received in 2022-23 from the ESFA Energy Efficiency Allocation and the ESFA Reclassification Allocation, £134k and £812k respectively, to support delivery of the College's Heat Decarbonisation Plan

## **Financial plan**

The College Governors approved a financial plan in July 2023, which sets objectives for the period to July 2024. The College aims to maintain its financial health rating of 'Outstanding', and to achieve a small surplus excluding pension adjustment in the year to 31<sup>st</sup> July 2024.

Sound financial planning is even more critical for the College due to the cost of living crisis. In developing the financial plan for the 2023-24 financial year, a detailed review of the College's income streams and cost base has been undertaken, to create a robust baseline budget, on which the decision-making process for the College can be based. There is a clear understanding of the financial position across the Corporation and senior leadership team, and a commitment to continuing to steer the College on a sound financial base and to financial sustainability.

Whilst the College has increasing levels of 16-18 funding following recent growth and consolidation of student numbers and the increase in the national funding rate for 2023-24, mitigation plans are being formulated to enable the College to be responsive to fluctuations in financial performance, including the impact of inflationary pressures and the energy crisis on the College's expenditure budgets. The drive for efficiency and value for money across the whole spectrum of the College's activities is of paramount importance in order to further secure the College's financial position and to ensure continued progress on the path towards ongoing financial sustainability. Whilst the sector-wide recruitment challenges are anticipated to continue, the financial plan for 2023-24 assumes all vacancies will be filled.

The College's College Financial Forecasting Return (CFFR) submitted to the ESFA in July 2023 outlined a financial health grade of 'Outstanding' for the coming year, followed by a grade of 'Good' in 2024-25. Cash is forecast to be maintained above the College's internal target in 2023-24. The ambition, based on September 2023 enrolment and planned growth over the medium term, is for an Outstanding financial health grade to be maintained.

As a result of the reclassification of the further education sector into central government, resulting in all college corporations becoming public sector institutions, the College must comply with HM Treasury's *Managing Public Money* and other related obligations. The most significant impact for the College's financial planning relates to borrowing, as reclassification restricts the ability of the Corporation to make any amendments to existing private sector borrowing facilities or to secure future private sector borrowing, including where term loan balloon payments at maturity exist. Therefore, the College's financial planning is centred around ensuring the ability to repay the first of its loans when the current term ends.

## **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 treasury management policy in place to manage cash flows and associated risks.

All new borrowing arrangements are subject to the requirements of HM Treasury's Managing Public Money. All borrowing requires the authorisation of the Corporation, and compliance with the requirements of the ESFA Funding Agreement, in advance of any borrowing request submission to the DfE.

The College has no plans to increase long term borrowing.

## **Reserves**

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of an organisation, and ensures that there are adequate resources to support the College's core activities. The College currently holds no restricted reserves (2021-22: £nil). As at the balance sheet date, accumulated reserves stand at £27,811k (2021-22: £26,824k). This includes a defined benefit liability of £nil (2021-22: £nil liability) in relation to the Local Government Pension Scheme. It is the Corporation's intention to increase reserves over the life of the Strategic Plan, by the generation of annual operating surpluses.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The College has well-developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The governing body has overall responsibility for risk management, and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

A risk register is maintained at the College level which is reviewed monthly by the senior leadership team, and at least annually by the Audit Committee and more frequently where necessary. High risks are reported to each meeting of the Corporation. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The main risk factors which may affect the College are outlined below, along with the action being taken to minimise them. Not all factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

## **Government funding**

The College has considerable reliance on continued government funding through the further education sector funding bodies. In 2022-23, 90% 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, including the Skills and Post-16 Education Act 2022, the proposed removal of funding for the majority of applied general qualifications such as BTECs, and the DfE's Further Education Funding and Accountability Reform. The College, in conjunction with its key stakeholders, continues to flex and develop strategies for growth in response to the devolution agenda and to these reforms. It is recognised that any changes to funding will impact on the College, but the extent and full implications will not be known until government policy, and both external reviews and challenges, have been finalised.

This risk is mitigated 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;
- Considerable focus and investment are placed on maintaining and managing key relationships with the various funding bodies;

## **Government funding (continued)**

- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding;
- Regular dialogue with the funding bodies;
- Having an outward focus to ensure strong stakeholder relationships and that provision meets the skills agenda and needs of the local economy;
- Exploring potential new income streams to underpin the College's income levels.

## **Maintain adequate funding of pension liabilities**

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

This risk is mitigated by an agreed deficit recovery plan with the Greater Manchester Pension Scheme.

## **Failure to maintain the financial viability of the College**

The College's current financial health grade is classified as 'Outstanding' as described above. Notwithstanding that, the continuing challenge to the College's financial position remains the constraint on further education funding arising from a sustained period of cuts in public sector spending and increasing costs, whilst maintaining the student experience. Whilst the rate of funding has increased for the 2023-24 financial year, there is significant challenge in recruiting and retaining learners and staff. Any increase in income is more than offset by cost pressures from inflation, energy prices, and cost of living expectations.

This risk is mitigated in a number of ways:

- Creation of detailed curriculum delivery plans
- Regular engagement with learners to ensure progress and provide support
- Versatile marketing plans to deliver targets
- Close working with partners and key stakeholders to strengthen our provision offering and communication
- By rigorous budget setting procedures;
- Maintenance of a contingency budget to underpin the College's financial position
- Sensitivity analysis of income streams, with mitigation plans to address different scenarios including cost reduction
- Continuous in-year budget monitoring and forecasting, with ongoing analysis of income levels against target
- Tight budgetary control to understand and address increased costs
- Robust financial controls;
- Exploring ongoing procurement efficiencies;
- Diversification of income streams.

## **Ability to secure financing**

Further to the reclassification of colleges as central government organisations, the College is not permitted to obtain new financing from a commercial lender without prior consent from the DfE. This consent is unlikely as central government is expected to offer better value for money, through lower interest rates, than commercial lenders, which reduces the ability of the College to respond quickly to secure new funding. Therefore, should the College require funds to support capital investment, or a new loan to repay the Lloyds term loan balloon payment at maturity, , the College would need to apply to the Department for Education for any additional funding requirements.

This risk is mitigated by the College continuing to deliver strong financial performance, and in turn build its cash balance, to facilitate both the repayment of the Lloyds loan in 2026 and significant investment in the College's estate and infrastructure.

## **KEY PERFORMANCE INDICATORS**

The College is committed to observing the importance of sector measures and indicators, and uses the Department for Education (DfE) performance tables and National Achievement Rate tables (NART) to benchmark. The College is required to complete the annual College Financial Forecasting Return (CFFR) for the Education and Skills Funding Agency (ESFA), in which the College is assessed by the ESFA as having 'Outstanding' financial health.

### **Student numbers**

In 2022-23 the College delivered activity against its main funding body allocations as follows:

- 16-18 funding allocation £25,508k, with 4,503 learners (2021-22: £24,098k with 4,572 learners)
- ESFA Adult Skills Budget allocation, including community learning, of £24k (2021-22: £11k)
- GMCA Adult Skills Budget allocation, including community learning, of £5,716k (2021-22: £6,027k)
- 16-18 Apprenticeship allocation and levy income of £3,829k (2021-22: £3,512k)

### **Student achievements**

Students continue to thrive at the College. Achievement rates at the College continue to be good, including apprenticeships. 96% of students moved into employment, further or higher education after they completed their college course.

The overall 16-18 achievement rate has been sustained at a high level, with A-Levels having a pass rate of 97.7% (2021-22 98.8%) and Level 3 Vocational Qualification having a pass rate of 97% (2021-22 97.7%). 19+ achievement rates have been maintained at 84.3% (2021-22: 84.3%) and the overall apprenticeship success rate is 60% (2021-22: 56.1%), which is above national benchmarks.

The pandemic continues to have an impact on all students at the College. Those on 16-18 Study Programmes in 2022-23 received Teacher Assessed Grades for their GCSE Results in Year 11. This has meant that more students were able to enrol on higher level programmes than usual. This year's cohort did not receive advanced information ahead of their exams, and the 2022-23 grade boundaries were returned to near 2018-19 levels. In addition, there has also been a fourfold increase in mental health referrals and a significant increase in the number of safeguarding incidents.

### **Quality of Provision**

The College was subjected to an Ofsted Short Inspection Visit in December 2019, the outcome was that the College continues to be a Good provider (Grade 2).

The Inspectors made a judgement on a four-point scale:

1. Outstanding (Grade 1)
2. Good (Grade 2)
3. Requires Improvement (Grade 3)
4. Inadequate (Grade 4)

The inspection was conducted under the new Education Inspection Framework and focused on Quality of Education and Leadership & Management. All campuses and provision types were inspected: young people, adults, apprenticeships and high needs learners. Outcomes from the report highlight how far the College has travelled and praised the way leaders strive to ensure every student gains the very best possible outcomes.

The Corporation were pleased with the outcome of the Inspection Visit and the College continues to monitor progress against any recommendations made and ensure that high standards are maintained.

## Financial results

The College is subject to assessment on its financial performance against a series of key performance indicators relevant to the Further Education sector, from both the ESFA as its main funding body , as well as against the FE Commissioner benchmarks. These are set out in the table below.

	Measure	2022-23	2021-22
Adjusted Current Ratio	> 1.4	2.49	2.14
Education-specific EBITDA as % of adjusted income	> 6%	7.90%	6.96%
Borrowing as a % of income	< 35%	12.82%	14.42%
ESFA Financial Health Rating	Good or Outstanding	Outstanding	Outstanding
Adjusted operating surplus (as a % of income)	> 1%	2.34%	1.11%
Debt service cover ratio	> 2	11.09	4.47
Cash days in hand	> 25	119	100
Pay costs as a % of adjusted income	<65% (General FE College) <70% (Sixth Form College)	64.24%	65.04%

## Streamlined Energy and Carbon Reporting

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

- Measure 1: All of the college undertakings (6 sites), have now replace all inefficient ‘strip/linear, traditional/incandescent and fluorescent light fittings’ with energy efficient lighting (LED).
- Measure 2: It has long been recognised that the insulation of a building is essential to improve thermal performance and reduce the carbon emissions associated with heating buildings. This also improves quality of life and increases productivity through better working conditions. The College has refurbished six major roofs across its footprint after recognising that, according to research, 30 % of energy loss occurs through air leakage and cold bridging at penetrations and junctions on roofs.

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

UK Greenhouse gas emissions and energy use data for the period	1 August 2021 to 31 July 2022	1 August 2022 to 31 July 2023
Energy consumption used to calculate emissions (kWh) <u>Scope 1 emissions in metric tonnes CO2e</u>	7,066,950	5,975,142
Gas consumption	507	468
Owned transport	11	8
<b>Total</b>	<b>518</b>	<b>476</b>
<u>Scope 2 emissions in metric tonnes CO2e</u>		
Purchased electricity	887	726
<u>Scope 3 emissions in metric tonnes CO2e</u>		
Business travel in employee owned vehicles	19	28
<b>Total gross emissions in metric tonnes CO2e</b>	<b>1,424</b>	<b>1,230</b>
Intensity ratio: Metric tonnes per staff member	2.18	1.77

### ***Qualification and reporting methodology***

The College has followed the 2019 HM Government Environmental Reporting Guidelines. In addition, the College has also used the GHG Reporting Protocol – Corporate Standard, and the 2021 UK Government's Conversion Factors for Company Reporting.

### ***Intensity ratio***

The College's chosen intensity measurement ration is emissions in metric tonnes (CO2e) per staff member.

## **Trade union facility time**

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

In accordance with the requirements, the following information was published for the period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023.

Numbers of employees who were relevant union officials during the period	FTE employee number
6	5.77

Percentage of time	Number of employees
0%	0
1-50%	6
51-99%	0
100%	0

Total cost of facility time	£2,721
Total pay bill	£26,018,870
Percentage of total bill spent on facility time	0.010%

Total number of hours spent on paid facility time	92
Time spent on paid trade union activities as a percentage of total paid facility time	0%

## **EQUALITY AND DIVERSITY**

### **Equality**

Salford City College is fully committed to ensuring and delivering equality of opportunity for all its students and staff. The College is committed to ensuring the elimination of all forms of unfair and illegal discrimination, as well as all forms of harassment and victimisation. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age.

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

The College's Single Equality Scheme is reviewed each year and monitored by managers and the Corporation.

The College has developed and implemented a Single Equality Scheme and Action Plan which provides an overview in regard to how the College will meet its equality duty; how the College will handle any cases of harassment and unlawful discrimination; how policies, processes and plans will be monitored for adverse impact; how the overall practice and outcomes of the College will be monitored; and how action will be planned and delivered to address any concerns that are identified.

The Single Equality Scheme supports the monitoring of the protected characteristics of students and staff so that continuous improvement can be achieved. The College will continue to meet these duties through the ongoing development of the Single Equality Scheme and Action Plan.

The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the college continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

## **Equality (continued)**

The College is a 'Disability Confident Employer' and has committed to the principles and objectives of Disability Confident standard.

The College has a Wellbeing Strategy for Staff and students and continues to implement a variety of initiatives in support of staff mental and physical wellbeing.

The College provides Equality & Diversity training and refresher training to all staff on an ongoing basis.

## **Gender pay gap reporting**

The College publishes its annual gender pay gap report on the website.

## **Disability statement**

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

1. Buildings are accessible (insofar as is practical), with ramps at each site to allow wheelchair access.
2. There is a list of specialist equipment, such as audio visual facilities, which the College can make available for use by students.
3. The College has separate admissions policies for further education (FE) and higher education (HE). These cover fair admission and the process in which to appeal an admissions decision.
4. The College has a number of Education Support Assistants and Learning Support Assistants who provide a variety of support for students who have learning difficulties or disabilities.
5. Counselling and welfare support are available via our Student Services team. Both counselling and welfare appointments are available to students.

## **GOING CONCERN**

### **Going concern**

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

The College has risen to the challenges in relation to the impact of the increasing cost of living. 2022-23 has met with some challenges in terms of higher interest rates, energy prices, and general cost inflation, but the College has performed strongly and has increased its cash balances by over £2m. The College's performance in-year allows for a financial health rating of 'Outstanding' for 2022-23, which maintains the rating from the prior year.

Whilst income from Adult provision and Higher Education has reduced marginally in-year, this reduction has been more than offset by additional income for our 16-18 students, including the ESFA's 16-19 Tuition Fund, apprenticeship income and other income. This has been further supported by savings in staff costs compared to budget, and allowed the College to invest in-year in equipment, environment and resources to support our students.

Moving forward, the College is increasing activity for the Core 16-18 funded students and, after consolidating the gains of recent years by retaining students in 2022-23, is on a continual trajectory for gradual growth in this area as it is meeting the requirements to improve quality, grow provision and work on efficiencies. The challenge of meeting growth in numbers created by the lagged funding methodology makes it more difficult to increase potential surpluses. A surplus excluding pension adjustment is planned as part of the 2023-24 budget, with the provision of a significant contingency.

## **Going concern (continued)**

Detailed work on the 2023-24 baseline budget and 2024-25 financial plan has been undertaken to ensure that the College is able to meet needs and serve the local community. Any further significant increases in prices related to cost of living, for example interest rates or energy prices, would impact on the College. Sensitivity analysis has been undertaken to identify how the College can address and manage this. There is a contingency built into the budget for the coming year alongside a surplus. In addition, mitigation plans have been proposed and there are actions which can be taken to reduce costs.

Given the increase in the funding formula for 16-18 students in 2023-24, and even taking into consideration the potential in-year strain caused by the lagged funding model, the College is in a position to capitalise on its recent growth. A year of limited growth is expected in 2023-24 from both progressing and recruited students, with all 16-18 subcontracting now ceased, and this is borne out in enrolment numbers. Early recruitment of 16-18 year olds on study programmes is showing that the College will meet the current ESFA allocation, putting it in the position of a positive start to 2023-24. Further growth is then expected in 2024-25 and beyond in line with demographic trends.

The majority of other sources of income are reasonably secure. Adult courses funded by the Greater Manchester Combined Authority are at the same contractual level to the previous year, and with recent engagement of two key strategic partners, delivery of the contract value is expected. Loan funded courses are at a slightly reduced level, but this has been factored into the budget for 2023-24. The Higher Education market also remains extremely competitive which may impact on the number of students taking up their places at the College, but again, this is factored into the budget for 2023-24.

Apprenticeships have seen continued growth over the last year, and is expected to grow significantly further in 2023-24 and beyond. There are also other areas where income is expected to remain in line with increased levels from the prior year, as the College focuses on developing its grant funding and commercial activities.

Cash balances are planned to decrease from the current high level over the next two years due to planned investment in the College's physical environment, in part due to the receipt of DfE/ESFA capital funds during 2022-23 for future years' investment. Balances will however remain above the College's internal target. They remain sufficient throughout the year, supported by the even ESFA and GMCA payment profiles which come into effect from August 2023.

Internally-funded capital expenditure is at a conservative level to retain healthy cash balances. The College has sufficient space to accommodate the anticipated growth in numbers and, whilst reconfiguration and updating of the estate will be progressed, it does not need to expand the estate. The focus is on ensuring it is meeting Health & Safety standards and running as efficiently as possible. Use of cash balances to match fund external capital funding through the FE Capital Transformation Fund has been included in the College's financial plans to ensure affordability, and enable the College to make necessary investment whilst only bearing 40% of the cost.

The continuing challenge to the College's financial position remains the constraint on further education funding despite increases to the funding rate, as well as inflationary and cost of living pressures, whilst maintaining the student experience. This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in year budget monitoring
- Robust financial controls
- Exploring ongoing procurement efficiencies

As a result, the Corporation considers that the College has adequate operational resources to continue existence for the foreseeable future.

## **OTHER INFORMATION**

### **Salford Academy Trust**

Salford City College was the sponsor for Salford Academy Trust along with its education partners, University of Salford and the local authority, Salford City Council. Salford Academy Trust was incorporated on 21 June 2012 as a company limited by guarantee. The Trust oversaw the conversion to Academy status of four schools since September 2012 – The Albion Academy, Marlborough Road Academy, Dukesgate Academy and Irlam and Cadishead College. The Salford Academy Trust is a related party of Salford City College and transactions with the Trust are included in Note 28. The Academies within the Trust transferred to the United Learning Trust on 1 February 2019. Following transfer, the Trustees commenced a process of closure for Salford Academy Trust, with the Trust placed into solvent liquidation on 10<sup>th</sup> September 2021. The final report was filed at Companies House on 30<sup>th</sup> September 2023, and will formally be dissolved on 31<sup>st</sup> December 2023.

### **EVENTS AFTER THE REPORTING PERIOD**

There are no significant post balance sheet events.

### **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 12 December 2023 and signed on its behalf by:



**J. Flynn**  
**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 2022 to 31 July 2023 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 (“the Code”); and
- iii. having due regard to the 2018 edition of the UK Corporate Governance Code insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance. In carrying out its responsibilities, it takes full account of and complies with The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted in August 2015.

In the opinion of the members of the Corporation, the College complies with the provisions of the Code, and it has complied throughout the year ended 31 July 2023. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

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 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 members of the Corporation, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard to the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in the financial statements.

### **Members of 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 below:

Member	Date of appointment	Term of Office Ends	Role	Committee membership	Attendance
Jackie Flynn	Extended 13 December 2022	31 July 2025	Independent member	<b>Chair of Corporation</b> Strategy, Finance and Resources (Chair) Quality and Standards Search (Chair) Remuneration Human Resources and Organisational Development (Vice Chair)	17/17
Adam Fidler	5 July 2021 Vice Chair from 21 March 2022	31 July 2025	Independent Member	<b>Vice Chair of Corporation</b> Strategy, Finance and Resources Quality and Standards (Chair) Remuneration (Chair) Search (Vice Chair)	13/14
Charles Davies	Reappointed 14 December 2020	Resigned 16 March 2023	Independent member	Human Resources and Organisational Development (Vice Chair) Strategy, Finance and Resources Search	6/6
Anthony Redmond	Extended 21 March 2022	31 July 2026	Independent member	Strategy, Finance and Resources (Vice Chair) Human Resources and Organisational Development (Chair) Remuneration (Vice Chair) Search	15/15

<b>Member</b>	<b>Date of appointment</b>	<b>Term of Office Ends</b>	<b>Role</b>	<b>Committee membership</b>	<b>Attendance</b>
Michael Sharples	Extended 4 July 2023	31 December 2024	Independent member	Strategy, Finance and Resources	5/8
Rebecca Parks	Effective from 12 <sup>th</sup> October 2021 as Acting Principal Appointed as Group Principal 14 February 2022	Ex officio	Group Principal	Human Resources and Organisational Development Search Quality and Standards Strategy, Finance and Resources	16/16
Paula Summersfield	Extended 4 July 2023	31 December 2027	Independent Member	Strategy, Finance and Resources	8/8
Sally Kells	20 April 2020	20 April 2024	Independent Member	Audit	6/8
Sam Butler	16 May 2022	15 May 2026	Independent Member	Audit (Chair)	8/8
Janet Ndungu	21 March 2022	Resigned 31 July 2023 (Co-optee from 1 August 2023)	Independent Member	Human Resources and Organisational Development	5/8
Dr Martin Toner	5 July 2022	31 July 2026	Independent Member	Quality and Standards (Vice Chair from November 2022)	6/7
Adrian Connell	28 September 2022	31 August 2026	Independent Member	Audit (Vice Chair from November 2022)	7/7
Lucy Robinson	28 September 2022	31 August 2026	Independent Member	Audit	5/7
Ann Gavin-Daley	17 April 2023 Previously Co-optee	31 July 2025	Independent Member	Human Resources and Organisational Development	4/4
Roger Cunliffe	1 August 2022	31 July 2026	Staff	Quality and Standards	7/7
Martin Townsend	1 August 2022	31 July 2026	Staff	Audit	6/8
Kenda Ebeidin	1 September 2022	31 August 2023	Student	Quality and Standards	4/7
Natalia Dimitrova	7 November 2022	31 August 2024	Student	Quality and Standards	4/6
Jesper Foster	20 September 2023	31 August 2024	Student	Quality and Standards	0/0
Ashley Newell is the current Clerk to the Corporation, effective from 11 <sup>th</sup> September 2023. Denise Hark was the previous Clerk to the Corporation, until 10 <sup>th</sup> September 2023.					

## **Co-optees**

The Corporation strategically uses Co-optees to serve on the committees most appropriate to their skills. Co-optees are not members of the Corporation and do not attend Corporation meetings.

<b>Member</b>	<b>Date of appointment</b>	<b>Term of Office Ends</b>	<b>Role</b>	<b>Committee membership</b>	<b>Attendance</b>
Ben Davis	28 September 2022	31 July 2024	Co-optee (Representative of the Salford Secondary Heads and Principals Association)	Quality and Standards	3/3
Janet Ndungu	1 August 2023	31 July 2025	Co-optee	Human Resources and Organisational Development	N/A – 0/0

## **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 a term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Strategy Finance & Resources, Human Resources & Organisational Development, Remuneration, Governance & Search, Quality & Standards and Audit. The full minutes of Corporation meetings, except those deemed to be confidential by the Corporation, are available on the College’s website [www.salfordcc.ac.uk](http://www.salfordcc.ac.uk) or from the Clerk to the Corporation at the Corporation’s registered address:

Salford City College  
Pendleton College  
Dronfield Road  
Salford M6 7FR

The Clerk to the Corporation maintains a register of financial and personal interests of the members of the Corporation. The register is available for inspection at the above address.

All members of the Corporation are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to members in a timely manner, prior to Board meetings. Briefings are also 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 Chair and Accounting Officer are separate.

### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for consideration of, and approval by, the Corporation as a whole. The Corporation has a Governance & Search Committee consisting of five members of the Corporation, which is responsible for interviewing and nominating new members for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided.

Members of the Corporation are initially appointed for a term of office of four years and are eligible for reappointment for a further term of office dependent on meeting the Corporation's KPIs on attendance and engagement. The Corporation takes account of the AoC recommendations regarding the maximum term of office of governors. However, it has agreed that there should be a balance between experienced governors and newer governors in the interest of ensuring stability and meeting the needs of the College. Two of the current twelve independent governors have served for more than the recommended maximum of two four-year periods of office.

### **Co-optees**

The Corporation has strategically appointed a Co-optee to provide specialist expertise in a selected area. At 31 July 2023, there was one Co-optee on the Quality and Standards Committee. He is a serving local secondary head teacher and the Chair of Salford Secondary Heads & Principals Association.

### **Corporation Performance**

The Corporation carried out a Self-Assessment of its performance against a wide range of criteria for the year ended 31 July 2023. In line with the OFSTED criteria for Leadership and Management within the Education Inspection Framework, it assessed itself as Good. This assessment is in line with the OFSTED view of Leadership and Management undertaken during their inspection in December 2019.

### **Activities Undertaken to develop Governors and the Governance Professional**

Individual governor development interviews are conducted annually by the Chair to assess training and development needs and secure feedback on performance. The Chair's performance is also evaluated annually by governors through a Chair's Evaluation Questionnaire (drawn up from AoC guidance) and the results are considered by the Corporation and validated by an external reviewer.

The following training has been undertaken during the year to develop governors' understanding of their role and widen their knowledge in specific areas:

- All governors complete Prevent training on appointment, followed up by a refresher course every two years.
- Two governors attended the AoC North West Governance conference and both Staff Governors attended the AoC Staff Governor conference.
- Two governors completed the AoC New Governor induction course.
- The Student Governors attended the AoC Student Governor induction course.
- An internal Governor Development Workshop was held for all governors in February 2023.
- Briefings were provided for all governors on the following areas:
  - The College Curriculum
  - Safeguarding
  - Preparation for Ofsted

The Clerk completed the ETF two and a half day residential 'Governance Professionals' Leadership Course' in October 2022 and attended the follow-up Alumni conference held by the Institute of Directors in February 2023. The Clerk also attended the AoC Conference in November 2022 and continued to attend the AoC North West Clerks' briefing meetings held throughout the year.

### **Internal and External Reviews of Governance**

An Audit of Corporate Governance, was carried out by the College's Internal Auditors in November 2022.

In year, the Corporation commissioned an external review of governance through the Association of Colleges. The review commenced in May 2023 but has not yet been concluded.

### **Remuneration Committee**

In the year ending 31 July 2023, the College's Remuneration Committee membership comprised four members of the Corporation. The committee's responsibilities are to make recommendations to the Board on the appointment, and remuneration and benefits, of the Accounting Officer and other senior post-holders. Decisions on remuneration are made following consideration of comparative, and other pertinent data, including performance. The Corporation adopted the AOC's Senior Staff Remuneration code in March 2023.

Details of remuneration for the year ended 31 July 2023 are set out in Note 8 to the financial statements.

### **Audit Committee**

The Audit Committee is comprised of five members of the Corporation (excluding the Accounting Officer and Chair) and one Co-optee. The Committee operates in accordance with written terms of reference approved by the Corporation. The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

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

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

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

The Audit Committee met on three occasions in the year to 31 July 2023. The members of the Audit Committee and their attendance records are shown below:

<b>Committee Member</b>	<b>Meetings attended</b>
Sam Butler (Chair)	3/3
Adrian Connell	3/3
Sally Kells	3/3
Lucy Robinson	2/3
Martin Townsend	2/3

## **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 Group Principal & Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Funding Agreement between Salford City College and the funding bodies. They are also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

### **The purpose of the system of internal control**

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 Salford City College for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

### **The risk and control framework**

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. This 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; and
- the adoption of formal project management disciplines, where appropriate.

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. 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 Corporation**

The College has well-developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The governing body has overall responsibility for risk management. Individual risks identified are allocated to appropriate Corporation committees, and reviewed as part of the reporting processes.

A risk register is maintained at the College level which is reviewed monthly by the senior leadership team, and at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The Audit Committee directs the work of the internal auditors, who develop their annual plan taking a risk-based approach, prior to submission to the Corporation for approval.

As a result of the risks arising from the pandemic, additional action has been required, agreed and implemented to facilitate the operating of the College in a Covid-19 safe environment. There is also ongoing additional oversight in relation to the risk of cyber attacks, both due to the increased dependence on the use of technology for blended and remote delivery when required, but also the increased prevalence of cyber crime.

### **Control weaknesses identified**

The Corporation has not identified any significant internal control weaknesses, and no high priority recommendations or control risks were identified in the internal audits undertaken during the year.

### **Responsibilities under funding agreements**

The Corporation has met regularly throughout the year and has ensured that its contractual responsibilities under its funding agreements and contracts with the ESFA and Greater Manchester Combined Authority have been met. Robust policies and standing operating procedures are in place to ensure compliance, which are regularly updated, monitored and approved by the Corporation.

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

The Office for Students (OfS) requirements have also been complied with.

### **Statement from the Audit Committee**

The Audit Committee has advised the Corporation 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 2022-23 and up to the date of the approval of the financial statements are detailed below.

## **Internal audits**

- ESFA Mock Funding
- Student Journey – Retention and Intervention
- Apprenticeships Delivery
- Corporate Governance
- Financial Planning and Budgetary Control
- Follow-up of Previous Internal Recommendations

All of these audits were given substantial assurance, with no high-risk recommendations made.

## **Advisory reviews**

- External Assurance of Sub-Contracting Controls – this review is required for any sub-contracting activity.

## **Review of effectiveness**

As Accounting Officer, the Group Principal & Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. Their review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors;
- the work of the senior leadership team within the College who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the College's financial statements auditors, the regularity auditors, and the appointed funding auditors in their management letters and other reports.

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

The Group Principal & Chief Executive and senior leadership team receive 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 Group Principal & Chief Executive and senior leadership team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and 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 2023 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the senior leadership team and internal audit, and taking account of events since 31 July 2023.

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

Approved by order of the members of the Corporation on 12 December 2023 and signed on its behalf by:



J. Flynn  
Chair



R. Parks  
Accounting Officer

## **Statement on Regularity, Propriety and Compliance**

As Accounting Officer, I confirm that the Corporation has had due regard to the framework of authorities governing regularity, propriety and compliance, and the requirements of grant funding agreements and contracts with Education and Skills Funding Agency (ESFA) and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

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

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



**R Parks**  
**Accounting Officer**

Date: 12 December 2023

## **Statement of the chair of governors**

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



**J Flynn**  
**Chair of Governors**

Date: 12 December 2023

## **Statement of Responsibilities of the Members of the Corporation**

The members of the Corporation are required to present audited financial statements for each financial year.

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

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

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

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

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

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

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

Approved by order of the members of the Corporation on 12 December 2023 and signed on its behalf by:



J. Flynn  
Chair

# **Independent auditor's report to the Corporation of Salford City College for the year ended 31 July 2023**

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Opinion**

We have audited the financial statements of Salford City College (the 'College') for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2023, and of its income and expenditure, gains and losses and changes in reserves, and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education; and
- meet the requirements of the Accounts Direction issued by the Office for Students ('the OfS Accounts Direction').

### **Basis for opinion**

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

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **Other information**

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

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

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

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

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

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

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

### **Responsibilities of the Corporation**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

- Regulations and legislation pertinent to the College's operations;
- Compliance with the Post-16 Audit Code of Practice 2022 to 2023;
- Compliance with the requirements of the Department for Education, Education & Skills Funding Agency and the Office for Students; and
- Compliance with the requirements of the Office for Standards in Education

We considered the extent to which non-compliance might have a material impact on the financial statements. We also considered those laws and regulations which have a direct impact on the preparation of the financial statements, such as the Statement of Recommended Practice - Accounting for Further and Higher Education 2019 and the Post-16 Audit Code of Practice 2022 to 2023.

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

- Posting inappropriate journal entries

### **Audit response to the risks identified;**

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

- Gaining an understanding of the legal and regulatory framework applicable to the College and the sector in which it operates;
- Reviewing financial statement disclosures and testing of supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management, the audit committee, the internal auditors and legal advisors concerning actual and potential litigation and claims;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Department for Education, Education & Skills Funding Agency, the Office for Students and the Office for Standards in Education; and
- In addressing the risk of fraud as a result of management override of controls, testing the appropriateness of journal entries and other adjustments; evaluating rationale of any significant transactions that are unusual or outside the normal course of business

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

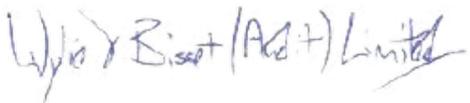
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](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 Education and Skills Funding Agency and our engagement letter.

Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in blue ink that reads "Wylie & Bisset (Audit) Limited". The signature is somewhat stylized and cursive.

**Wylie & Bisset (Audit) Limited**

Statutory Auditor

168 Bath Street

Glasgow

G2 4TP

Date: 12 December 2023

## **Reporting accountant's assurance report on regularity**

**To:**

**The Corporation of Salford City College and the Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA)**

In accordance with the terms of our engagement letter dated 15th September 2023 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Salford City College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

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

### **Respective responsibilities of Salford City College and the reporting accountant**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework.

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

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

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

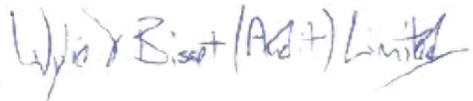
The work undertaken to draw to our conclusion includes:

- Documenting the framework of authorities which govern the activities of the College;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;

- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Testing transactions with related parties;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

#### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.

A handwritten signature in blue ink that reads "Wylie & Bisset (Audit) Limited". The signature is somewhat stylized and cursive.

**Wylie & Bisset (Audit) Limited**

Statutory Auditors  
168 Bath Street  
Glasgow  
G2 4TP

Date: 12 December 2023

**Salford City College**  
**Statement of Comprehensive Income**

	Notes	<b>Year ended 31 July</b>	
		<b>2023</b>	<b>2022</b>
		<b>£'000</b>	<b>£'000</b>
<b>INCOME</b>			
Funding body grants	2	38,317	36,418
Tuition fees and education contracts	3	1,975	2,166
Other grants and contracts	4	897	945
Other income	5	1,518	1,231
Investment income	6	25	-
Donations and Endowments	7	-	72
<b>Total income</b>		<b>42,732</b>	<b>40,832</b>
<b>EXPENDITURE</b>			
Staff costs	8	27,772	28,693
Other operating expenses	9	11,769	11,421
Depreciation	16	2,724	2,803
Interest and other finance costs	14	224	676
<b>Total expenditure</b>		<b>42,489</b>	<b>43,593</b>
<b>Surplus / (Deficit) before other gains, losses and tax</b>		<b>243</b>	<b>(2,761)</b>
(Loss) / Gain on disposal of assets	16	(6)	-
<b>Surplus / (Deficit) before tax</b>		<b>237</b>	<b>(2,761)</b>
Taxation	15	-	-
<b>Surplus / (Deficit) for the year</b>		<b>237</b>	<b>(2,761)</b>
Actuarial gain in respect of pension schemes	27	750	29,405
<b>Total Comprehensive Income for the year</b>		<b>987</b>	<b>26,644</b>
<b>Represented by:</b>			
<b>Restricted Comprehensive Income</b>		-	-
<b>Unrestricted Comprehensive Income</b>		<b>987</b>	<b>26,644</b>
		<b>987</b>	<b>26,644</b>

All items of income and expenditure relate to continuing activities.

The notes on pages 35 to 58 form part of these financial statements.

**Salford City College**  
**Statement of Changes in Reserves**

	Income and Expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
<b>Balance at 1 August 2021</b>	(362)	542	180
Surplus / (deficit) from the income and expenditure account	(2,761)	-	(2,761)
Other comprehensive income	29,405	-	29,405
Transfers between revaluation and income and expenditure reserves	32	(32)	-
<b>Total comprehensive income for the year</b>	<u>26,676</u>	<u>(32)</u>	<u>26,644</u>
<b>Balance at 31 July 2022</b>	26,314	510	26,824
Surplus / (deficit) from the income and expenditure account	237	-	237
Other comprehensive income	750	-	750
Transfers between revaluation and income and expenditure reserves	32	(32)	-
<b>Total comprehensive income for the year</b>	<u>1,019</u>	<u>(32)</u>	<u>987</u>
<b>Balance at 31 July 2023</b>	<b><u>27,333</u></b>	<b><u>478</u></b>	<b><u>27,811</u></b>

The notes on pages 35 to 58 form part of these financial statements.

**Salford City College**  
**Balance Sheet as at 31 July 2023**

	Notes	2023 £'000	2022 £'000
<b>Non current assets</b>			
Tangible fixed assets	16	36,762	35,013
Investments	17	-	-
		<b>36,762</b>	<b>35,013</b>
<b>Current assets</b>			
Stocks		49	48
Trade and other receivables	18	1,056	944
Cash and cash equivalents	23	12,658	10,223
		<b>13,763</b>	<b>11,215</b>
<b>Creditors – amounts falling due within one year</b>	19	(6,330)	(5,935)
<b>Net current assets / (liabilities)</b>		<b>7,433</b>	<b>5,280</b>
<b>Total assets less current liabilities</b>		<b>44,195</b>	<b>40,293</b>
Creditors – amounts falling due after more than one year	20	(16,219)	(13,277)
<b>Provisions</b>			
Defined benefit obligations	22	-	-
Other provisions	22	(165)	(192)
<b>Total net assets / (liabilities)</b>		<b>27,811</b>	<b>26,824</b>
<b>Unrestricted Reserves</b>			
Income and expenditure account		27,333	26,314
Revaluation reserve		478	510
<b>Total unrestricted reserves</b>		<b>27,811</b>	<b>26,824</b>
<b>Total reserves</b>		<b>27,811</b>	<b>26,824</b>

The financial statements on pages 31 to 58 were approved and authorised for issue by the Corporation on 12 December 2023 and were signed on its behalf on that date by:



J. Flynn  
Chair



R. Parks  
Accounting Officer

The notes on pages 35 to 58 form part of these financial statements.

**Salford City College**  
**Statement of Cash Flows**

	Notes	2023 £'000	2022 £'000
<b>Cash flow from operating activities</b>			
Surplus / (Deficit) for the year	237	(2,761)	
<b>Adjustment for non-cash items</b>			
Depreciation	2,724	2,803	
(Increase) / decrease in stocks	(1)	31	
(Increase) / decrease in debtors	(112)	(175)	
Increase / (decrease) in creditors due within one year	507	266	
Increase / (decrease) in creditors due after one year	3,273	(562)	
Increase / (decrease) in provisions	(27)	(36)	
Pensions costs less contributions payable	750	3,224	
<b>Adjustment for investing or financing activities</b>			
Investment income	(25)	-	
Interest payable	299	253	
Loss / (gain) on disposal of fixed assets	6	-	
<b>Net cash flow from operating activities</b>		<u>7,631</u>	<u>3,043</u>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of fixed assets	2	-	
Investment income	25	-	
Payments made to acquire fixed assets	(4,535)	(1,204)	
<b>Net cash flow from investing activities</b>		<u>(4,508)</u>	<u>(1,204)</u>
<b>Cash flows from financing activities</b>			
Interest paid	(299)	(253)	
Repayments of amounts borrowed	(389)	(428)	
<b>Net cash flow from financing activities</b>		<u>(688)</u>	<u>(681)</u>
<b>Increase / (decrease) in cash and cash equivalents in the year</b>		<u><b>2,435</b></u>	<u><b>1,158</b></u>
Cash and cash equivalents at beginning of the year	23	10,223	9,065
Cash and cash equivalents at end of the year	23	12,658	10,223

The notes on pages 35 to 58 form part of these financial statements.

# **Salford City College Report and Financial Statements for the year ended 31 July 2023**

## **Notes to the Accounts**

### **1. Accounting policies**

#### **Statement of accounting policies and estimation techniques**

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

#### **Basis of preparation**

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

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

#### **Basis of accounting**

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

#### **Basis of consolidation**

The College does not own or control any subsidiary companies.

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

#### **Going concern**

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Annual Report of the Corporation. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes. The financial statements are prepared on a going concern basis, recognising that the College has reported a surplus of £237,000 for the year to 31 July 2023 (2022: deficit of £2,761,000), net cash inflow of £2,435,000 (2022: inflow of £1,158,000) and at 31 July 2023 has net assets of £27,811,000 (2022: net assets of £26,824,000).

Consideration has been given to the ongoing cost of living crisis and the potential effects on the financial position. The College receives the majority of its income from UK government through recurrent funding, which has been confirmed for 2023-24, and fully expects funding to continue beyond this coming year. The College will benefit from the increased national funding rate from August 2023. After significantly increased enrolment levels in 2020-21, followed by two years of consolidation in 2021-22 and 2022-23, current enrolments for the 2023-24 academic year are on target, and future year growth is anticipated due to the progression of the College and the modest demographic changes due over the next three years, followed by a significant increase change at that point.

The College currently has £5.395m of secured loans outstanding with bankers. The College has no overdraft facility, but does have £12.658m cash available as at July 2023. The College had two bank loan facilities, and the terms of the existing agreements are, at 31 July 2023:

- i. There is a £2,500,000 secured loan at a variable rate of 1.9% over base rate repayable over five years, but with a ten-year payment profile, by quarterly instalments falling due between June 2021 and March 2026. The balance outstanding was £2,050,000.
  
- ii. There is also a £5,375,000 secured loan at a fixed rate of 5.367% for the full 25-year term of the loan, repayable by quarterly instalments falling due between August 2009 and May 2034. The balance outstanding was £3,345,000.

# **Salford City College Report and Financial Statements for the year ended 31 July 2023**

## **Notes to the Accounts (continued)**

### **Going concern (continued)**

The Corporation has prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. After reviewing these forecasts, the Corporation is of the opinion that, taking account of potential downsides and mitigations, the College will have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The College's forecasts and financial projections indicate that it will be able to operate within the terms of its existing facilities and respective covenant requirements for the foreseeable future.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for at least twelve months from the date of approval of these financial statements, 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. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 funding is not subject to reconciliation and is therefore not subject to contract adjustments.

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

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 are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as the conditions are met.

#### ***Capital grant funding***

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

#### ***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.

# **Salford City College Report and Financial Statements for the year ended 31 July 2023**

## **Notes to the Accounts (continued)**

### **Recognition of income (continued)**

#### ***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.

#### **Agency arrangements**

The College acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

#### **Accounting for post-employment benefits**

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

#### ***Teachers' Pension Scheme (TPS)***

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

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

#### ***Greater Manchester Local Government Pension Scheme (LGPS)***

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

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

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

#### **Short term Employment benefits**

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

#### **Enhanced pensions**

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

# **Salford City College Report and Financial Statements for the year ended 31 July 2023**

## **Notes to the Accounts (continued)**

### **Non-current assets – Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

#### ***Land and buildings***

Land and buildings inherited from the Local Education Authority (LEA) are stated in the balance sheet at valuation on the basis of depreciated replacement cost. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated as it is considered to have an infinite useful life. In compliance with relevant accounting standards, the buildings inherited from the local authority are depreciated over the remainder of their useful economic life. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years.

Capitalised expenditure on buildings since incorporation is classified as property improvements. Property improvements are depreciated on a straight-line basis over their expected useful economic life to the College of between 10 and 50 years.

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

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

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

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

#### ***Assets under construction***

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

#### ***Subsequent expenditure on fixed assets***

Where significant expenditure is incurred on tangible fixed assets after initial purchase, it is charged to the income and expenditure in the period it is incurred, unless it meets one of the criteria detailed below, 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 revenue expenditure in the year of acquisition, unless it is of significant operating value to the College in which case the asset is recorded in the College's asset register and depreciated over its useful economic life. All equipment with a cost in excess of £1,000 is capitalised at cost.

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

- General and technical equipment – between 5 and 10 years
- Motor vehicles – between 5 and 10 years
- Computer equipment – 5 years
- Fixtures and fittings – between 5 and 10 years.

# **Salford City College Report and Financial Statements for the year ended 31 July 2023**

## **Notes to the Accounts (continued)**

### ***Equipment (continued)***

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

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.

### **Borrowing costs**

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

### **Leased assets**

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

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as an obligation under finance leases. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

### **Investments in subsidiaries**

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

### **Stocks**

Stocks are stated at the lower of their cost (using the first in first out method) and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

### **Cash and cash equivalents**

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

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

# **Salford City College Report and Financial Statements for the year ended 31 July 2023**

## **Notes to the Accounts (continued)**

### **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 basis 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 around 1% 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.

### **Judgements in applying accounting policies and key sources of estimation uncertainty**

#### ***Judgements in applying accounting policies***

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

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

# **Salford City College Report and Financial Statements for the year ended 31 July 2023**

## **Notes to the Accounts (continued)**

### **Judgements in applying accounting policies and key sources of estimation uncertainty (continued)**

#### ***Other key sources of estimation uncertainty***

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability/asset 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 27, will impact the carrying amount of the pension liability/asset. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 to value the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability/asset.

# Salford City College Report and Financial Statements for the year ended 31 July 2023

## 2. Funding body grants

	2023 £'000	2022 £'000
<b>Recurrent grants</b>		
Education and Skills Funding Agency – Adult Education Budget	24	11
Education and Skills Funding Agency – 16-18	25,508	24,098
Education and Skills Funding Agency – Apprenticeships	3,829	3,512
Greater Manchester Combined Authority - Adult Education Budget	5,716	6,027
Office for Students	102	105
<b>Specific grants</b>		
Education and Skills Funding Agency - Covid-19 additional funding:		
16-19 Tuition Fund	578	620
Covid-19 mass testing funding	-	9
Teacher Pension Scheme contribution grant	957	762
Other Education and Skills Funding Agency grants	541	426
Other Greater Manchester Combined Authority grants	227	-
Higher Education grants	181	210
Releases of government capital grants	655	638
<b>Total</b>	<b><u>38,317</u></b>	<b><u>36,418</u></b>

The Corporation was not in receipt of any provider release scheme funding from the ESFA.

The Corporation has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received for 16-19 Tuition Fund covered costs of £578k in 2022-23 (2021-22: £620k)

Office for Students (OfS) registered colleges are required to include a note analysing grant and fee income received in a single additional table. OfS' requirements overlap with the existing structure of Education and Skills Funding Agency's (ESFA) finance record. An additional table is provided with the required analysis. As OfS only regulates higher education in colleges, only amounts relating to courses at level 4 and above are recorded here.

	2023 £'000	2022 £'000
Grant income from the Office for Students	283	315
Fee income for taught awards (exclusive of VAT)	<u>1,327</u>	<u>1,448</u>
<b>Total</b>	<b><u>1,610</u></b>	<b><u>1,763</u></b>

## 3. Tuition fees and education contracts

	2023 £'000	2022 £'000
Adult education fees	150	181
Apprenticeship fees and contracts	58	50
Fees for FE loan supported courses	185	282
Fees for HE loan supported courses	<u>469</u>	<u>465</u>
<b>Total tuition fees</b>	<b><u>862</u></b>	<b><u>978</u></b>
Education contracts	<u>1,113</u>	<u>1,188</u>
<b>Total</b>	<b><u>1,975</u></b>	<b><u>2,166</u></b>



# Salford City College Report and Financial Statements for the year ended 31 July 2023

## Staff costs (continued)

### Staff costs for the above persons

	2023 £'000	2022 £'000
Wages and salaries	20,041	19,439
Increase / (release) of holiday pay accrual	(2)	17
Social security costs	2,027	2,008
Other pension costs (incl. FRS102(28.11) adjustments £815k (2022: £3,224k))	5,036	6,868
<b>Payroll sub total</b>	<b>27,102</b>	<b>28,332</b>
Contracted out staffing services	525	281
	<b>27,627</b>	<b>28,613</b>
<b>Restructuring costs – contractual</b>	<b>145</b>	<b>80</b>
<b>Total staff costs</b>	<b>27,772</b>	<b>28,693</b>

The Corporation also makes available to staff salary sacrifice schemes for childcare vouchers, Cycle to Work and zero emission cars. Staff costs are recorded at the full gross value before the deduction of the salary sacrifice.

### 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 Post Holders, which comprise: the Group Principal & Chief Executive, Chief Financial Officer, and Deputy Group Principal.

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

	2023 No.	2022 No.
The number of key management personnel including the Accounting Officer was:	3	3

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

# Salford City College Report and Financial Statements for the year ended 31 July 2023

## Staff costs (continued)

	Key management personnel 2023 No.	Other higher paid staff 2023 No.	Other higher paid staff 2022 No.
£5,001 to £10,000			1    i
£10,001 to £15,000		1    c	
£15,001 to £20,000		1    d	
£20,001 to £25,000			
£25,001 to £30,000			1    j
£30,001 to £35,000			1    j
£35,001 to £40,000	1    e		
£40,001 to £45,000	1    f		
£45,001 to £50,000			1    k
£50,001 to £55,000			
£55,001 to £60,000			
£60,001 to £65,000		4    5	
£65,001 to £70,000		4    g	4
£70,001 to £75,000		3    2	l
£75,001 to £80,000		2    h	2
£80,001 to £85,000	1    a		
£85,001 to £90,000	1		1    m
£90,001 to £95,000	2		
£120,001 to £125,000		1    b	
£155,001 to £160,000	1		
	<b>3</b>	<b>3</b>	<b>17</b>
			<b>17</b>

- a represents the pro rata salary of the newly appointed Deputy Group Principal (full year basic salary within the £85,001 to £90,000 range), having previously been Vice Principal (Welfare, Safeguarding & Pastoral Care)
- b represents the pro rata salary of the Group Principal & Chief Executive, who was permanently appointed on 14th February 2022 (full year salary equivalent within the £140,001 to £145,000 range), having previously been Acting Principal (on the Deputy Principal salary)
- c represents the pro rata salary of a Head of Centre who left employment with the College on 2nd October 2022 (full year basic salary within the £60,001 - £65,000 range)
- d represents a Deputy Head of Centre who received salary, a payment in lieu of holidays not taken and a severance payment (full year basic salary equivalent within the £60,001 to £65,000 range)
- e represents the pro rata salary of one part time member of staff (full year basic salary within the £60,001 to £65,000 range)
- f represents the pro rata salary of one part time member of staff (full year basic salary within the £65,001 to £70,000 range)
- g includes honorarium payments to a member of staff for additional work undertaken (full year basic salary equivalent within the £60,001 to £65,000 range)
- h one of these posts represents the pro rata salary of the Senior Vice Principal, who was appointed during the year (full year basic salary within the £75,001 to £80,000 range), having previously been Vice Principal - Academic
- i represents the pro rata salary of one post appointed part way through the year (full year basic salary equivalent in the £55,001 to £60,000 range)
- j these two staff represent one post which was made vacant and re-appointed during the year (full year basic salary equivalent within the £60,001 to £65,000 range)
- k represents the salary paid to a member of staff who reduced their hours in year (full year basic salary equivalent within the £60,001 to £65,000 range)
- l includes honorarium payments to a member of staff for additional work undertaken (full year basic salary equivalent within the £65,001 to £70,000 range)
- m represents a key management post holder who received a payment in lieu of holidays not taken and a severance payment (full year basic salary equivalent within the £65,001 to £70,000 range)

# Salford City College Report and Financial Statements for the year ended 31 July 2023

## Staff costs (continued)

Key management personnel compensation is made up as follows:

	2023 £'000	2022 £'000
Basic salary	341	288
Performance related pay and bonus	-	-
Compensation for loss of office	-	-
Employer's National Insurance	44	37
Benefits in kind	-	-
Pension contributions	78	66
<b>Total key management personnel compensation</b>	<b>463</b>	<b>391</b>

There were no emolument amounts due to key management personnel that were waived in 2022-23 or 2021-22. With regard to salary sacrifice arrangements, none were used by the Accounting Officer, whilst one other member of key management personnel used the Childcare Voucher Scheme.

The above compensation includes amounts paid to the Principal & Chief Executive, who is the Accounting Officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2023 Group Principal and Chief Executive (emoluments for full year) £'000	2022 Acting Principal & Chief Executive (emoluments for 1 Aug 2021 - 13 Feb 2022) £'000	2023 Group Principal and Chief Executive (emoluments for 14 Feb 2022 - 31 Jul 2022) £'000	2022 Group Principal and Chief Executive (emoluments for full year) £'000
Basic salary	155	54	66	120
Performance related pay and bonus	-	-	-	-
Employer's National Insurance	21	7	9	16
Other including benefits in kind	-	-	-	-
Pension contributions	37	13	16	29
	<b>213</b>	<b>74</b>	<b>91</b>	<b>165</b>

There are no other remuneration payments to the Head of Provider, including no payments in lieu of pension contributions.

The governing body adopted AoC's Senior Staff Remuneration Code in March 2023 and assesses pay in line with its principles.

The remuneration package of Senior Post Holders, namely the Group Principal & Chief Executive, Chief Financial Officer, and Deputy Group Principal, are subject to annual review by the Remuneration Committee of the governing body who justify the remuneration on the grounds of performance and using benchmarking information to provide objective guidance. The Group Principal & Chief Executive reports to the Chair of the Corporation who oversees an annual review of performance against the College's overall objectives using both qualitative and quantitative measures of performance. The Remuneration Committee assesses the Corporation's performance against targets and objectives, including the attainment of students in the year, as well as the progress against the College's long term strategic objectives when reviewing the remuneration package of the Senior Post Holders. Qualitative measures of success, such as level of engagement of the staff and students are also considered.

# Salford City College Report and Financial Statements for the year ended 31 July 2023

## Staff costs (continued)

In 2022-23, the Corporation met its aims and objectives, including for staff satisfaction, student numbers and student achievement. An inflationary pay increase of 2.5% was awarded to all staff, excluding key management personnel (Senior Post Holders), the Senior Leadership Team, and the Centre Principals.

### **Relationship of highest paid member of staff's pay and remuneration expressed as a multiple:**

	2023 No.	2022 No.
Group Principal & Chief Executive's basic salary as a multiple of the median of all staff, where the median pay is calculated on a full time equivalent basis for the salaries paid by the provider to its staff	4.8	3.5
Group Principal & Chief Executive's total remuneration as a multiple of the median of all staff, where the median pay is calculated on a full time equivalent basis for the salaries paid by the provider to its staff	5.9	3.6

### **Compensation for loss of office paid to former key management personnel and other higher paid staff**

	2023 No.	2022 No.
Compensation paid to the former post-holder	5	16
Estimated value of other benefits, including provisions for pension benefits	-	36

The Accounting Officer did not receive any severance payments or compensation for loss of office in 2022-23 (2021-22: none).

No member of key management personnel received any severance payments or compensation for loss of office in 2022-23 (2021-22: none).

One member of other higher paid staff received a severance payment or compensation for loss of office in 2022-23 (2021-22: one).

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

### **Severance payments for all staff**

The College paid 12 severance payments for staff in the year, including those detailed within *Compensation for loss of office paid to former key management personnel and other higher paid staff*, disclosed in the following bands:

	2023 £'000	2022 £'000
£0 to £25,000	11	8
£25,001 to £50,000	1	-
£50,001 to £100,000	-	1
£100,001 to £150,000	-	-
£150,000 or greater	-	-

Included in staff restructuring costs are special severance payments totalling £40,724 (2021-22: £13,454). Individually, the payments were: £26,746, £5,141, £2,353, £2,038, £2,011, £1,931, £500, £1, £1 and £1.

# Salford City College Report and Financial Statements for the year ended 31 July 2023

## 9. Other operating expenses

	2023 £'000	2022 £'000
Employer's National Insurance	2,132	1,777
Benefits in kind	5,412	5,547
Pension contributions	4,225	4,097
<b>Total key management personnel compensation</b>	<b>11,769</b>	<b>11,421</b>

Other operating expenses include:

	2023 £'000	2022 £'000
Auditors remuneration:		
Financial statements audit*	31	28
Other services provided by financial statements auditor**	3	3
Internal audit fees	15	15
Subcontracting Assurance Report	2	1
Payments to Subcontractors	1,237	786
Depreciation	2,724	2,803
Hire of assets under operating leases	667	641

\* This amount includes £3,600 for the funding audit

\*\* Fees incurred in relation to the Access & Participation Audit and the Teachers' Pension Audit

## 10. Access and participation spending

OfS registered colleges with access and participation plans are required to disclose spending in up to four categories in a separate note:

	2023 £	2022 £
- Access investment	87,465	41,367
- Financial support to students	7,063	11,056
- Disability support	-	807
- Research and evaluation (relating to access and participation)	44,487	43,623

### Judgements and Assumptions

Access and participation costs have been identified as relating to specific parts of the plan and have been reviewed by management as part of the annual budget review. The review ensures that the spend is in line with forecasted spend and that it can clearly be identified that those students needing the most support have been in receipt of that. The bulk of the spend will always be attributed to the activities to reach potential students to support our engagement with them.

The costs in these categories are very distinct. All events, taster sessions, marketing, publications and sessions with HE student support staff are to enhance awareness of courses to students from underrepresented groups and classed as 'Access investment'. Additional time has also been devoted to the management of the activities to support the Access and Participation Plan and to review and evaluate the performance and success of such activities.

# Salford City College Report and Financial Statements for the year ended 31 July 2023

## Access and participation spending (continued)

All monies paid directly to students, such as bursaries or one-off hardship payments, are directly related to the 'Financial support to students' category. Any financial support to disabled students, adjustments made in the University Centre for disabled students, or learning supports costs are attributed to the 'Disability support' category. 'Research and evaluation' costs derive from the time spent by a range of management staff in reviewing the plan and evaluating its effectiveness.

Staff costs are apportioned on the basis of 1% of the total gross pay for several staff, and the full cost for the HE & Access Support Officer. This is confirmed by line managers and senior managers in line with their role and responsibilities to the Access and Participation Plan.

## 11. Write offs and losses

	2023	2022
	£	£
Write offs	26	39
Losses	-	-

There were no individual write-offs or losses of £5,000 or more in 2022-23. In 2021-22 there was one write-off where the value was £5,000 or more: £5,625 was written off after a learner withdrew from a course with fees owing to the College. The decision was made to write off these fees due to the individual circumstances of the withdrawal and following an assessment of the likelihood of the fees being paid if a debt escalation process were pursued.

## 12. Guarantees, letters of comfort and indemnities

The College has not committed to any guarantees, letters of comfort or indemnities outside the normal course of business (2021-22: £nil).

## 13. Compensation payments and ex-gratia payments

The College has not made any compensation payments or ex-gratia payments during the financial year (2021-22: £nil).

## 14. Interest payable and other finance costs

	2023	2022
	£'000	£'000
On bank loans, overdrafts and other loans	299	253
On finance leases	-	-
Net interest on defined pension liability (Note 27)	(75)	423
<b>Total</b>	<b>224</b>	<b>676</b>

## 15. Taxation

The Corporation does not believe that the College was liable for any corporation tax arising out of its activities during either year.

# Salford City College Report and Financial Statements for the year ended 31 July 2023

## 16. Tangible fixed assets

	Freehold Land and Buildings £'000	Property Improvements £'000	Fixtures & Fittings £'000	Equipment £'000	Assets in the course of construction £'000	Total £'000
<b>Cost or valuation</b>						
At 1 August 2022	36,724	19,097	1,665	4,637	6	62,129
Additions	-	1,689	464	730	1,598	4,481
Assets under construction capitalised	-	-	6	-	(6)	-
Disposals	-	-	-	(8)	-	(8)
<b>As at 31 July 2023</b>	<b>36,724</b>	<b>20,786</b>	<b>2,135</b>	<b>5,359</b>	<b>1,598</b>	<b>66,602</b>
<b>Depreciation</b>						
At 1 August 2022	12,964	9,459	906	3,787	-	27,116
Charge for the year	753	1,381	189	401	-	2,724
Disposals – fully depreciated assets	-	-	-	-	-	-
<b>As at 31 July 2023</b>	<b>13,717</b>	<b>10,840</b>	<b>1,095</b>	<b>4,188</b>	<b>-</b>	<b>29,840</b>
Net book value at 31 July 2023	<b>23,007</b>	<b>9,946</b>	<b>1,040</b>	<b>1,171</b>	<b>1,598</b>	<b>36,762</b>
Net book value at 31 July 2022	23,760	9,638	759	850	6	35,013

Other tangible fixed assets inherited from the Local Education Authority at incorporation have been valued by the College on a depreciated replacement cost basis with the assistance of independent professional advice.

There are no assets held under finance leases.

## 17. Non-current investments

The College holds no non-current investments, including no investments in subsidiary or associate companies.

## 18. Trade and other receivables

	2023 £'000	2022 £'000
Amounts falling due in one year:		
Trade receivables	121	76
Prepayments and accrued income	613	591
Amounts owed by the ESFA	322	277
<b>Total</b>	<b>1,056</b>	<b>944</b>

# Salford City College Report and Financial Statements for the year ended 31 July 2023

## 19. Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Bank loans (Note 21)	360	418
Payments received in advance	147	102
Trade payables	477	768
Other taxation and social security	466	500
Accruals and deferred income	3,242	2,568
Holiday pay accrual	89	91
Deferred income – government capital grants	708	611
Fixed asset creditor	265	319
Other creditors	464	478
Amounts owed to the ESFA	112	80
<b>Total</b>	<b><u>6,330</u></b>	<b><u>5,935</u></b>

## 20. Creditors: amounts falling due after one year

	2023 £'000	2022 £'000
Bank loans (Note 21)	5,035	5,366
Deferred income – government capital grants	<u>11,184</u>	<u>7,911</u>
<b>Total</b>	<b><u>16,219</u></b>	<b><u>13,277</u></b>

## 21. Maturity of debt

### (a) Bank loans

Bank loans are repayable as follows:

	2023 £'000	2022 £'000
In one year or less	360	418
Between one and two years	381	435
Between two and five years	2,590	2,583
In five years or more	2,064	2,348
<b>Total</b>	<b><u>5,395</u></b>	<b><u>5,784</u></b>

At 31 July 2023, the College had two bank loan facilities, each repayable in quarterly instalments:

- (i) A £2.5m secured loan at a variable interest rate of Base Rate plus 1.9%. The loan is for five years from March 2021, with a 10-year payment profile.
- (ii) A £5.375m secured loan at a fixed rate of 5.367%. The loan is repayable over 25 years from May 2009 to May 2034.

### (b) Finance leases

The College does not have any finance lease obligations.

# Salford City College Report and Financial Statements for the year ended 31 July 2023

## 22. Provisions

	Defined benefit £'000	Enhanced £'000	Total £'000
As at 1 August 2022	-	192	192
Expenditure in the period	(1,582)	(16)	(1,598)
Additions in period	1,582	(11)	(1,571)
<b>As at 31 July 2023</b>	<b>-</b>	<b>165</b>	<b>165</b>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 27.

The principal assumptions for the defined benefit calculation are:

	2023	2022
Prince inflation	3.00%	2.75%
Discount rate	5.05%	3.50%

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

## 23. Cash and cash equivalents

	Defined benefit £'000	Enhanced £'000	Total £'000
Cash and cash equivalents	10,223	2,435	12,658
Bank overdraft	-	-	-
<b>As at 31 July 2023</b>	<b>10,223</b>	<b>2,435</b>	<b>12,658</b>

## 24. Capital commitments

	2023 £'000	2022 £'000
Commitments contracted for at 31 July	26	76

# Salford City College Report and Financial Statements for the year ended 31 July 2023

## 25. Lease obligations

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

	2023 £'000	2022 £'000
<b>Future minimum lease payments due:</b>		
Land and buildings		
Not later than one year	518	496
Later than one year not later than five years	1,652	1,702
Later than five years	<u>12,863</u>	<u>12,401</u>
	<u>15,033</u>	<u>14,599</u>
<b>Other</b>		
Not later than one year	64	93
Later than one year not later than five years	16	68
Later than five years	<u>-</u>	<u>-</u>
	<u>80</u>	<u>161</u>
<b>Total lease payments due</b>	<b><u>15,113</u></b>	<b><u>14,760</u></b>

## 26. Contingencies

In the case of Harpur Trust v Brazel 2022, the Supreme Court judged in favour of the appellant which means that calculating holiday pay at a rate of 12.07% is no longer sufficient. However, given the significant implications the Government launched further consultation, which ended on 9th March 2023. The Government is now analysing feedback and we will be informed in due course whether the ruling is overturned or not. As there is still uncertainty as to the value of any liability, it has not been practical to estimate the potential liability at this stage (2021-22: £nil).

## 27. 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 Greater Manchester Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Tameside Council. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the LGPS was 31 March 2022. The latest formal actuarial valuation of the TPS was 31 March 2020, however this does not take effect until 1 April 2024 and so the College was subject to the actual valuation of 31 March 2019 for the 2022-23 financial year.

### Total pension cost for the year

	2023 £'000	2022 £'000
Teachers' Pension Scheme: contributions paid	2,629	2,596
Local Government Pension Scheme:		
Contributions paid	1,582	1,466
FRS 102 (28) charge	<u>815</u>	<u>2,783</u>
<b>Charge to the Statement of Comprehensive Income</b>	<b><u>2,397</u></b>	<b><u>4,249</u></b>
Enhanced pension charge to Statement of Comprehensive Income	<u>(10)</u>	<u>(18)</u>
<b>Total Pension Cost for Year within staff costs</b>	<b><u>5,016</u></b>	<b><u>6,827</u></b>

# **Salford City College Report and Financial Statements for the year ended 31 July 2023**

## **Defined benefit obligations (continued)**

At 31 July 2023, there was £471k outstanding employer's contributions due to the two schemes (£292k TPS and £179k GMPF) which were both paid over in August 2023 (2021-22: £305k TPS and £169k GMPF).

### **Teachers' pension scheme**

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

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

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

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

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

The latest actuarial review of the TPS was carried out as at 31 March 2020, however this does not take effect until 1 April 2024 and so the College was subject to the actual valuation of 31 March 2019 for the 2022-23 financial year. The 31 March 2019 valuation report was published by the Department for Education (the Department) in April 2019.

The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million, based on the 31 March 2019 actuarial valuation report.

As a result of the 31 March 2019 valuation, new employer contribution rates were set at 23.68% of pensionable pay (including the administration levy of 0.08%) from September 2019 onwards (compared to 16.48% during 2018-19). The Department has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2022-23 academic year. The 31 March 2020 valuation advises that employer contribution rates are set at 28.68% of pensionable pay from 1 April 2024.

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

The pension costs paid to TPS in the year amounted to £2,628,646 (2021-22: £2,595,541).

### **FRS 102 (28)**

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

# Salford City College Report and Financial Statements for the year ended 31 July 2023

## Defined benefit obligations (continued)

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

### Local government pension scheme

The LGPS is a funded defined-benefit plan, with assets held in separate funds administered by Tameside Local Authority. The total contributions made for the year ended 31 July 2023 was £2,085,698 of which employer's contributions totaled £1,592,477 and employees' contributions totaled £493,221. The agreed contribution rates for future years are 20.7% for employers, and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

### Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund as at 31 March 2022 updated to 31st July 2023 by a qualified independent actuary, Hymans Robertson LLP.

	2023	2022
Rate of increase in salaries	3.80%	3.50%
Future pensions increases	3.00%	2.75%
Discount rate for scheme liabilities	5.05%	3.50%
Inflation assumption (CPI)	3.00%	2.75%
Commutation of pensions to lump sums	50.00%	55.00%

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

	2023	2022
<i>Retiring today</i>		
Males	20.2	20.3
Females	23.2	23.2
<i>Retiring in 20 years</i>		
Males	20.8	21.6
Females	24.6	25.1

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

	Fair value as at 31 July 2023 £'000	Fair value as at 31 July 2022 £'000
Equities	40,840	38,370
Bonds	8,053	7,336
Property	4,602	5,078
Cash	4,027	5,643
<b>Total fair value of plan assets</b>	<b><u>57,522</u></b>	<b><u>56,427</u></b>
<b>Weighted average expected long term rate of return</b>	<b>5.05%</b>	<b>3.50%</b>
<b>Actual return on plan assets</b>	<b><u>1,084</u></b>	<b><u>1,358</u></b>

# Salford City College Report and Financial Statements for the year ended 31 July 2023

## Defined benefit obligations (continued)

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

	2023 £'000	2022 £'000
Fair value of plan assets	57,522	56,427
Present value of plan liabilities	<u>(57,522)</u>	<u>(56,427)</u>
<b>Total</b>	<u><u>-</u></u>	<u><u>-</u></u>

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

	2023 £'000	2022 £'000
<b>Amounts included in staff costs</b>		
Current service cost	2,255	4,246
Past service cost	142	3
<b>Total</b>	<u><u>2,397</u></u>	<u><u>4,249</u></u>
<b>Amounts included in interest payable</b>		
Net interest on defined pension liability	<u>65</u>	<u>(441)</u>
<b>Amounts recognised in Other Comprehensive Income</b>		
Return on pension plan assets	(904)	484
Experience gains / (losses) arising on defined benefit obligations	(4,208)	(173)
Experience gains / (losses) arising on defined benefit assets	(845)	-
Changes in assumptions underlying the present value of plan liabilities	6,707	29,094
<b>Total</b>	<u>750</u>	<u>29,405</u>

Movement in net defined benefit (liability) / asset during the year

	2023 £'000	2022 £'000
Net defined (liability) / asset in scheme at 1 August	-	(26,181)
Movement in the year:		
Current service cost	(2,255)	(4,246)
Employer contributions	1,582	1,466
Past service costs	(142)	(3)
Net interest on the defined liability	65	(441)
Actuarial gain or loss	750	29,405
<b>Total</b>	<u>—</u>	<u>—</u>



# Salford City College Report and Financial Statements for the year ended 31 July 2023

## Related party transactions (continued)

	<b>Salford City College</b>	<b>Salford Academy Trust</b>
Kimberley Cash	Deputy Group Principal	Director (commenced 10 October 2015)
Ruth Osbourne-Thompson	Vice Principal (Professional Services)	Director (commenced 7 February 2018)

## 29. Amounts disbursed as agents

### Learner support funds

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
16-18 bursary grants	1,012	914
Other funding body grants	60	75
	<hr/>	<hr/>
	1,072	989
Deferred income carried forward from previous year	534	338
Disbursed to students	(409)	(323)
Administration costs	(50)	(44)
Other expenditure in line with grant conditions	(269)	(277)
Released from Free School Meals	(19)	(137)
<b>Balance unspent as at 31 July, included in creditors</b>	<b><hr/>859</b>	<b><hr/>546</b>

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.

## 30. Events after the reporting period

There are no significant post balance sheet events.