



Salford City College

Annual Report and Financial Statements

Year ended 31st July 2024

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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	Sally Kells
Michael Sharples	Paula Summersfield
Ann Gavin-Daley	Lucy Robinson
Anthony Redmond (on a 12-month leave of absence from 1 January 2024)	Dr. Martin Toner (until 12 December 2023)
Ben Davis (from 7 February 2024)	Mat Ainsworth (from 26 March 2024)
Roger Cunliffe (Staff Governor)	Martin Townsend (Staff Governor)
Jesper Foster (Student Governor) (until 31 August 2024)	Natalia Dimitrova (Student Governor) (until 31 August 2024)
Amber Justin (Student Governor) (from 17 September 2024)	Vanilla Onyiwe (Student Governor) (from 16 October 2024)

Clerk / Company Secretary

Mrs Denise Hark (until 10 September 2023)

Mr Ashley Newell (from 11 September 2023, until 2 January 2024)

Dr Martin Toner (from 3 January 2024)

Executive Team

Mrs Rebecca Parks	Group Principal & Chief Executive, Accounting Officer
Ms Karen Hollins	Chief Financial Officer
Mrs Kimberley Cash	Deputy Principal (Student Experience and Support)
Mrs Thalia Bell	Deputy Principal (Quality and Curriculum) (from 9 September 2024)

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

Professional advisers

Financial statements auditors and reporting accountants:

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

Internal auditors:

ICCA Education, Training and Skills Limited
3rd Floor, Charles House
Great Charles Street, Queensway
Birmingham
B3 3HT

Bankers:

Lloyds Bank plc	Barclays Bank plc
4 th Floor Westminster House	3 Hardman Street
11 Portland Street	Spinningfields
Manchester	Manchester
M1 3HU	M3 3HF

Solicitors:

DWF LLP Solicitors	Rollits	Eversheds Sutherland LLP
1 Scott Place	Citadel House	Eversheds House
2 Hardman Street	58 High Street	70 Great Bridgewater Street
Manchester	Hull	Manchester
M3 3AA	HU1 1QE	M1 5ES

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 2024.

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 placed 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 have taken effect during the transitional arrangements to August 2024. The College is subject to the framework for financial management set out in Managing Public Money (MPM).

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 local skills agenda central to our thinking. A review of the strategic plan was undertaken in May 2024, with an assessment of progress against the year two objectives to ensure successful completion. The full strategic plan, corresponding strategy video, and annual reviews 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 that provides 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 (2023-24: £2,000k surplus).
- Achievement of at least a ‘Good’ financial health rating from the Education Skills Funding Agency (2023-24: ‘Outstanding’).
- Achievement of an adjusted current ratio of 1.1 (2023-24: 2.72).
- Maintenance of cash days of 50 (2023-24: 95).

As with the whole of the sector, the College has had a challenging period in relation to the impact of the increasing cost of living, and the legacy of the Covid-19 pandemic having a significant impact on the knowledge and mental health of our students. 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 698 people (553 when expressed as full-time equivalents), of whom 335 were teaching staff (289 when expressed as full-time equivalents).

The College enrolled approximately 10,363 students. The College’s student population includes 4,649 16 to 18 year old students, 1,749 apprentices, 135 higher education students, and 3,002 adult learners. There were no international students.

The College has £29,811k of net assets (2022-23: £27,811k of net assets), including a £nil pension liability (2022-23: £nil liability), and total debt of £3,115k (2022-23: £5,395k), £242k of which is deemed to be due within one year (2022-23: £360k). The College’s cash balance at 31st July 2024 was £10,843k (2022-23: £12,658k).

Resources (continued)

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 Salford City College Group, the College markets its provision under the banners of five colleges. The five colleges are Eccles Sixth Form College, Pendleton Sixth Form College, City Skills, Worsley College, and Future Skills at MediaCityUK, along with our apprenticeship provision at Frontier House. The College also offers higher education courses at each site. The College's widening participation remit also includes a range of Passport To College and Prince's Trust courses.

The College has an outstanding reputation locally and nationally. However, in the most recent Ofsted inspection in April/May 2024, the outcome was a grade 3 overall, as the College requires improvement in three of the eight judgement categories. The five other outcomes were a Grade 2, meaning Good provision, in 'Behaviour and attitudes', 'Personal development', 'Adult learning programmes', 'Apprenticeships', and 'Provision for learners with high needs'. The arrangements for safeguarding were judged to be effective, and the College was deemed to make a 'reasonable' contribution to meeting skills needs. A monitoring visit will take place during the 2024-25 academic year to assess progress against the Post Inspection Action Plan.

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 the Association of Colleges Apprentice of the Year Award
- Winner of the Care Services Apprenticeship Provider of the Year
- Highly commended in the Pearson National Teaching Awards' Team of the Year category
- Highly commended in the Pearson National Teaching Awards' Unsung Hero category
- Highly commended in the Pearson National Teaching Awards' Impact through Partnership category
- Commended in The Association of Colleges Beacon Awards' NOCN Group Award for Mental Health and Wellbeing category
- Commended in The Association of Colleges Beacon Awards' City & Guilds Award for College Engagement with Employers category
- Finalist of Highway Partnership Award, Highways Awards 2024
- Gold Recognition in the Cyber First Awards

Stakeholders

The College has many stakeholders including:

- its current, future and past students;
- its staff and their trade unions. The executive 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 10,363 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 1,749 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 £2,000k (2022-23: £987k 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 to facilitate investment and development.

The College continues to have significant reliance on the education sector funding bodies as its principal funding source, largely from recurrent grants. In 2023-24, the College received 90% (2022-23: 90%) 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 2023-24 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 includes 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 £2,926k (2022-23: surplus of £237k).

The actuarial loss on the pension scheme has resulted in total comprehensive income for the year of £2,000k (2022-23: £987k income).

During the year, the College incurred restructuring costs of £184k (2022-23: £145k).

At the balance sheet date, the College held net current assets of £6,226k (2022-23: £7,433k). The movement in year reflects a decline in the cash position. The College held total net assets of £29,811k (2022-23: £27,811k), which includes a defined benefit pension liability of £nil (2022-23: £nil liability).

Cash flows and liquidity

The College's net cash flow from operating activities was £5,656k (2022-23: £7,631k). The College's overall net cash outflow is £1,815k (2022-23: £2,435k inflow), after financing £5,496k of tangible fixed asset purchases and total debt servicing costs of £2,586k. This decrease is due to the early repayment of a loan facility and expenditure relating to the receipt of external capital funding grants which were received in the prior year, offset in part by the financial performance for the year which exceeded expectations.

Cash flows and liquidity (continued)

The College holds a £5.375m loan with a fixed interest rate of 5.367%. The outstanding balance on the loan was £3.116m on 31 July 2024 (31 July 2023: £5.395m). The reduction in debt in year reflects the repayment of a second loan in full prior to the end of the financial year.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year this margin was easily exceeded and the loan covenants were complied with.

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

No financial support was applied for by the College.

The College received £18k (2022-23: £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 £5,226k. This was split between property improvements of £3,692k, fixtures and fittings of £353k, and equipment purchases of £772k, and assets under construction of £409k.

The College invested significant funds in year to upgrade the condition of the estate and improve energy efficiency. This investment includes £1,849k of external funding received from the Department for Education's Further Education Capital Transformation Fund, supplemented by a College contribution of £1,232k, for projects to upgrade the condition of the estate. Further to receipt of significant external funding in the prior financial year through the ESFA Reclassification Allocation, ESFA Energy Efficiency Allocation, and Final Further Education Capital Transformation Fund (Phase 3 funding), £775k, £80k and £68k respectively was invested in the current year to support delivery of the College's Heat Decarbonisation Plan.

From a curriculum perspective, investments included £531k funded from the Department for Education's Local Skills Investment Fund via a joint bid by the Greater Manchester Colleges Group, which spanned three projects, namely Construction, Health and Digital. The purpose of the funding is to enable further education providers to respond to the skill priorities set out in the local skills improvement plan (LSIP) for their area. The College also completed work totalling £65k as part of its investment into equipment for our Health & Social Care and Digital higher education programmes funded from a prior year bid to the Office for Students.

Reserves

The College has accumulated reserves of £29,811k and cash balances of £10,843k. The accumulated reserves excluding the defined pension asset in relation to the LGPS pension scheme also stand at £29,811k. 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 approach with distinctive cultures serving the needs of specific cohorts of students across the City.

Future developments (continued)

The College's vision, aims and objectives establish a clear emphasis on quality, efficiency, growth, and sustainability. Following the progress made in recent years, the financial year 2023-24 has seen significant further developments in the College, and has further laid the foundation to enable future change to support the College's key aims, namely to secure financial stability and invest in quality improvement.

Linked to modest demographic increases in school leavers in the local area over the next two 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 and strong results. Our curriculum offer 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 local 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 and enhance quality, efficiency and sustainability. Whilst there is a clear focus on teaching and learning, there is also 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.

A greater focus on technology and more versatile curriculum delivery has arisen in recent years, and we are planning continued investment 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 optimise the learner experience.

Following the shift in employee expectation and proven 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. Conversely, given the growth in construction, the College has ambitions to open a Language Centre, which in turn would free up space at CitySkills to expand our construction workshops.

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 £398k 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 £265k, 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 the prior year 2022-23 from the ESFA Energy Efficiency Allocation, the ESFA Reclassification Allocation and the Final Further Education Capital Transformation Fund (Phase 3 funding), totalling £53k, £46k and £301k respectively to support delivery of the College's Heat Decarbonisation Plan. A further £136k of external funding from the Local Skills Investment Fund will be invested to complete the curriculum development projects for Construction and Health.

Financial plan

The College Governors approved a financial plan in July 2024, which sets objectives for the period to July 2025. The College aims to maintain its financial health rating of 'Outstanding', and to achieve a surplus excluding pension adjustment in the year to 31 July 2025.

Sound financial planning is even more critical for the College following the cost-of-living crisis and the desire to meet its financial strategy, which includes investment in the College's estate and infrastructure. In developing the financial plan for the 2024-25 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 the executive team, and a commitment to continuing to steer the College on a sound financial base and to financial sustainability.

Financial plan (continued)

Whilst the College has increasing levels of 16-18 funding following recent growth and consolidation of student numbers, as well as the increase in the national funding rate for 2024-25, mitigation plans are being formulated to enable the College to be responsive to fluctuations in financial performance, including the impact of inflationary pressures and uncertainty in the energy markets 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 2024-25 assumes all vacancies will be filled.

The College's College Financial Forecasting Return (CFFR) submitted to the ESFA in July 2024 outlined a financial health grade of 'Outstanding' for the coming year, followed by a grade of 'Good' in 2025-26. Cash is forecast to be maintained above the College's internal target in 2024-25. The ambition, based on September 2024 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 being able to self-generate funds to invest in its resources, infrastructure and estate.

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 had no formal Reserves Policy during 2023-24, but drew one up at year-end to guide financial decision-making in the future. The policy provides guidance on the minimum level of cash working capital and unrestricted reserves balances to ensure the College can both meet any short-term obligation but also ensure long-term sustainability. The Reserves Policy is not the only means of assessing going concern, but contributes to this. The College keeps cash and reserves to ensure that it can meet unexpected challenges, whether that be increases in cost or income shortfalls resulting from enrolment reductions or government funding changes, as well as to meet the future costs of improving the College's estate and infrastructure, and reducing carbon emissions.

The College 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 (2022-23: £nil). As at the balance sheet date, accumulated reserves stand at £29,811k (2022-23: £27,811k). This includes a defined benefit liability of £nil (2022-23: £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, to support the development of the College.

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 2023-24, 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, in particular following the Skills and Post-16 Education Act 2022 and the July 2024 change in government. These issues include 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 Government has confirmed a pause and review, with confirmation expected in December 2024 of the qualifications colleges will be able to offer from September 2025. Research presented by the Sixth Form Colleges' Association cited that given the late timing of this anticipated confirmation, some young people will be disadvantaged, especially in areas with high rates of deprivation, such as those found across Salford. 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, devolution scope, 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;
- 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 are required to report the share of any Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

In instances where a deficit applies, 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 2024-25 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, and therefore efficiencies continue to be sought at every appropriate opportunity.

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, 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 significant investment in the College's estate and infrastructure moving forward, or seek to repay the College's remaining loan.

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 2023-24 the College delivered activity against its main funding body allocations as follows:

- 16–18 funding allocation £28,087k, with 4,649 learners (2022-23: £25,508k with 4,503 learners)
- ESFA Adult Skills Budget allocation, including community learning, of £22k (2022-23: £24k)
- GMCA Adult Skills Budget allocation, including community learning, of £6,079k (2022-23: £5,716k)
- 16–18 Apprenticeship allocation and levy income of £4,424k (2022-23: £3,829k)

Student achievements

Students continue to thrive at the College. After a slight decline in results in 2022-23, achievement rates at the College in all areas are now strong, having exceeded the internal benchmark set of 85%. From the known destination information gathered by the College, 94% of students moved into employment, further or higher education after they completed their college course.

The Education Programmes for Young People (16-18) achievement rate is 85.5% compared to the national average of 81%. A-Level pass rates have been maintained at 97% (2022-23: 97%), and Level 3 Vocational Programmes pass rates have improved to 95% (2022-23: 89%). Adult Learning Programmes (19+) achievement rates are 87% (2022-23: 84%) compared to a national average of 85%. The overall Apprenticeship Programmes success rate is 63.7% (2022-23: 60%) compared to a national average of 54.6%. This means that Education and Training and Employer Responsive Performance are both above national average in 2023-24.

These results are against a backdrop of a fivefold increase over a five-year period in mental health referrals and a significant increase in the number of safeguarding incidents.

Quality of Provision

The College was subjected to an Ofsted Full Inspection Visit in April/May 2024. Whilst the outcome was that the College Requires Improvement overall (Grade 3), five of the eight judgement categories were deemed Good (Grade 2), namely 'Behaviour and attitudes', 'Personal development', 'Adult learning programmes', 'Apprenticeships', and 'Provision for learners with high needs'.

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 all areas of the framework. All campuses and provision types were inspected: young people, adults, apprenticeships and high needs learners. Outcomes from the report highlight that 'staff create inclusive and respectful environments at the College' and that 'students and apprentices understand the College's values and the importance of being kind, respectful, ambitious and hardworking'.

The Corporation was disappointed with the outcome of the Inspection Visit, especially following a highly positive external review of governance. The slight decline in results in 2023-24 were predominantly as a result of a strategic decision to remain with Functional Skills for maths and English examinations, but subsequent results for the 2023-24 academic year show a significant improvement in achievement rates. The College is monitoring progress against recommendations made through its Post Inspection Action Plan, to ensure that high standards are maintained. A monitoring visit will take place during the 2024-25 academic year to assess progress.

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	2023-24	2022-23
Adjusted Current Ratio	> 1.4	2.72	2.49
Education-specific EBITDA as % of adjusted income	> 6%	8.29%	7.90%
Borrowing as a % of income	< 35%	6.80%	12.82%
ESFA Financial Health Rating	Good or Outstanding	Outstanding	Outstanding
Adjusted operating surplus (as a % of income)	> 1%	4.97%	2.34%
Debt service cover ratio	> 2	2.19	11.09
Cash days in hand	> 25	95	119
Pay costs as a % of adjusted income	<65% (General FE College) <70% (Sixth Form College)	62.87%	64.24%

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: In the period covered by the report, the College have fully re-clad at 2 of its campuses, a 7,100m² building and a 1,000m² building, to improve the thermal performance and reduce the carbon emissions associated with heating the buildings. This also improves the quality of conditions for all our stakeholders, and increases productivity through better working conditions.
- Measure 2: Works at our City Skills campus have included a focus on offsetting Carbon as part of achieving Net Zero; internal conditions works and replacement of the workshops' 'high bay heaters' (Motor Vehicle Workshop, Joinery Workshop, Plastering Workshop, Brick Workshop, Plumbing Workshop, Heat & Ventilation Workshops), further M&E condition works, replacement of the existing gas fired boilers (1998) and external 'Cladding and Rendering Works'.

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 2023 to 31 July 2024	1 August 2022 to 31 July 2023
Energy consumption used to calculate emissions (kWh)	5,101,820	5,975,142
<u>Scope 1 emissions in metric tonnes CO²e</u>		
Gas consumption	346	468
Owned transport	10	8
Total	356	476
<u>Scope 2 emissions in metric tonnes CO²e</u>		
Purchased electricity	654	726
<u>Scope 3 emissions in metric tonnes CO²e</u>		
Business travel in employee owned vehicles	16	28
Total gross emissions in metric tonnes CO²e	1,026	1,230
Intensity ratio: Metric tonnes per staff member	1.48	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 1st April 2023 to 31st March 2024.

Numbers of employees who were relevant union officials during the period	FTE employee number
5	4.77

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

Total cost of facility time	£2,843
Total pay bill	£26,715,850
Percentage of total bill spent on facility time	0.01%

Total number of hours spent on paid facility time	70
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 continued to rise to the challenges in relation to the ongoing impact of the increasing cost of living. 2023-24 has met with some challenges in terms of continued high interest rates, energy prices, general cost inflation, and pressures from pay expectations. However, the College has performed strongly and has maintained healthy cash balances. This has facilitated the early repayment of a loan facility, supported by an increase in interest receivable through the College's treasury management strategy. The College's performance in-year allows for a financial health rating of 'Outstanding' for 2023-24, which maintains the rating from the prior year.

Whilst income from Higher Education has reduced 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, and both our Apprenticeship and Adult provision. 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, as well as ensure a pay award for all staff at the College.

Moving forward, the College is increasing activity for the Core 16-18 funded students and, after consolidating the gains of recent years, 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 2024-25 budget, with the provision of a significant contingency.

Going concern (continued)

Detailed work on the 2024-25 baseline budget and 2025-26 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 2024-25, 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 and strong financial performance. A year of measured growth is expected in 2024-25 from both progressing and recruited students, with all 16-18 subcontracting having ceased from the start of 2023-24, 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 2024-25. Further measured growth is then expected in 2025-26 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 ongoing 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 2024-25. The Higher Education market also remains extremely competitive, and following a revised provision strategy with widening participation and teacher education at its heart, the target for students taking up their place at the College has reduced, but again, this is factored into the budget for 2024-25.

Apprenticeships have seen continued growth over the last year, and is expected to grow significantly further in 2024-25 in line with the final year of its three-year growth strategy. The College also continues to focus on developing its grant funding and commercial activities to enhance the student experience.

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.

Internally-funded capital expenditure is at a conservative level to retain healthy cash balances at this juncture. 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 College continues to seek external capital funding to support the curriculum whenever opportunities become available.

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 on all aspects of expenditure but particularly on pay expectations, whilst maintaining the student experience and investing in the College's estate and infrastructure. 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 10th September 2021. The final report was filed at Companies House on 30th September 2023, and was formally dissolved on 30th 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 10 December 2024 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 2023 to 31 July 2024 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

In the opinion of the members of the Corporation, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2024. This opinion is augmented by an external Governance Review reported to the Corporation on 26 March 2024. 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.

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.

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	Chair of Corporation Strategy, Finance and Resources (Chair) Quality and Standards Governance and Search (Chair) Remuneration Human Resources and Organisational Development (Vice Chair until 17 October 2023, Chair from 17 October 2023)	20/20
Adam Fidler	5 July 2021 Vice Chair from 21 March 2022	31 July 2025	Independent Member	Vice Chair of Corporation Strategy, Finance and Resources Quality and Standards (Chair) Remuneration (Chair) Governance and Search (Vice Chair)	15/17
Anthony Redmond	Extended 21 March 2022	31 July 2026 (on a 12-month leave of absence from 1 January until 31 December 2024)	Independent Member	Strategy, Finance and Resources (Vice Chair until 31 December 2023) Human Resources and Organisational Development (Chair until 17 October 2023) Remuneration (Vice Chair 31 until December 2023)	5/6

Member	Date of appointment	Term of Office Ends	Role	Committee membership	Attendance
				Governance and Search (until 31 December 2023)	
Michael Sharples	Extended 4 July 2023	31 December 2024	Independent Member	Strategy, Finance and Resources	6/8
Rebecca Parks	Effective from 12 th October 2021 as Acting Principal Appointed as Group Principal 14 February 2022	Ex officio	Group Principal	Human Resources and Organisational Development Governance and Search Quality and Standards Strategy, Finance and Resources	17/17
Paula Summersfield	16 December 2019	31 December 2027	Independent Member	Strategy, Finance and Resources (Vice Chair from 12 March 2024) Governance and Search	9/11
Sally Kells	20 April 2020	20 April 2028	Independent Member	Audit (Vice Chair from 18 November 2024)	5/8
Sam Butler	16 May 2022	15 May 2026	Independent Member	Audit (Chair until 31 August 2024) Quality and Standards (from 5 November 2023) Human Resources and Organisational Development (from 1 September 2024) Remuneration (Vice Chair from 23 April 2024)	13/14
Dr Martin Toner	5 July 2022	Resigned 12 December 2023	Independent Member	Quality and Standards (Vice Chair) Strategy, Finance and Resources (from 1 September 2023)	4/4
Adrian Connell	28 September 2022	31 August 2026	Independent Member	Audit (Vice Chair until 18 November 2024, then Chair from 18 November 2024) Human Resources and Organisational Development Quality and Standards (from 1 September 2024)	11/11
Lucy Robinson	28 September 2022	31 August 2026	Independent Member	Audit	8/8
Ann Gavin-Daley	17 April 2023 Previously Co-optee	31 July 2025	Independent Member	Human Resources and Organisational Development (Vice Chair from 17 October 2023)	7/8
Ben Davis	7 February 2024	31 January 2028	Independent Member	Quality and Standards (Vice Chair from 27 February 2024) Human Resources and Organisational Development (from 7 February 2024 until 23 April 2024) Strategy, Finance and Resources (from 1 April 2024)	4/6
Mat Ainsworth	26 March 2024	31 March 2028	Independent Member	Human Resources and Organisational Development	1/2
Roger Cunliffe	1 August 2022	31 July 2026	Staff	Quality and Standards Governance and Search	10/11
Martin Townsend	1 August 2022	31 July 2026	Staff	Audit Quality and Standards	9/11
Natalia Dimitrova	7 November 2022	31 August 2024	Student	Quality and Standards	6/8
Jesper Foster	20 September 2023	31 August 2024	Student	Quality and Standards	5/7
Amber Justin	17 September 2024	31 August 2025	Student	Quality and Standards	N/A – 0/0
Vanilla Onyiwe	16 October 2024	31 August 2025	Student	Quality and Standards	N/A – 0/0

Dr Martin Toner is the current Clerk to the Corporation, effective from 3 January 2024. Ashley Newell was the previous Clerk to the Corporation, from 11 September 2023 until 2 January 2024. Denise Hark was the Clerk prior to this, until 10 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.

Member	Date of appointment	Term of Office Ends	Role	Committee membership	Attendance
Ben Davis	28 September 2022	7 February 2024 (appointed as full Governor)	Co-optee	Quality and Standards Human Resources and Organisational Development (from 6 February 2024)	1/1
Janet Ndungu	1 August 2023	Resigned 10 October 2023	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 or from the Clerk to the Corporation at the College'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. Three 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 strategically appoint Co-optees to provide specialist expertise in selected areas as appropriate. At 31 July 2024, there are no Co-optees appointed to the Corporation.

Corporation Performance

Internal and External Reviews of Governance

OFSTED carried out an inspection of the College in April/May 2024, where it assessed Leadership and Management at the College as "Requires Improvement". In its Self-Assessment of performance against a wide range of criteria for the year ended 31 July 2024, the Corporation subsequently identified a number of areas where improvements could be made. It therefore chose to align its self-assessed rating for Leadership and Management with the OFSTED assessment.

An external review of Governance was conducted during the year. The review was undertaken between 1 April 2023 and 31 January 2024 by Mr Martin McNeill, an independent expert and college clerk who was commissioned through the Association of Colleges. The review adopted an eight-stage approach devised by the AoC, resulting in the final report being issued on 6 February 2024.

In respect of overall board effectiveness, the review determined that *"the overall conclusion is that there is strong evidence that the Board is highly proficient and consistently impacts positively on college strategy, effectiveness, and outcomes. The review found numerous examples of effective governor intervention driven by a strong sense of purpose. The Board is well led, and members are mutually supportive while still being willing to challenge the executive and one another"*. A summary of the review's findings has been agreed with the external reviewer and, along with the associated action plan, is provided on the College's website.

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 Committee Chairs attended AoC Committee Chairs' network meetings for their relevant committees.
- The Chair of Corporation attended a SFCA webinar on themes emerging from external reviews of governance.
- Three internal Governor Development Workshops were held for all governors on the following topics:
 - Ofsted
 - The role of Lead and Link Governors
 - Governor-facing policies
- Briefings were provided for all governors on the following areas:
 - Safeguarding
 - Ofsted – Post-inspection Action Plan

Following their appointment in January 2024, the Clerk undertook a full internal induction programme. Subsequently, the Clerk has attended an Education and Training Foundation/Institute of Directors Governance Professionals' Qualifications webinar, AoC North West governance professionals network meetings, an SFCA webinar on themes emerging from external reviews of governance, and in July 2024 a live online event with the new Secretary of State for Education.

Remuneration Committee

In the year ending 31 July 2024, the College's Remuneration Committee membership comprised three members of the Corporation. Following changes to membership agreed at the Corporation meeting on 2 July 2024, the membership of this committee will increase to four from August 2024. 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 2024 are set out in Note 8 to the financial statements.

Audit Committee

During the year to July 2024, the Audit Committee comprised of five members of the Corporation (excluding the Accounting Officer and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation. The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, 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 2024. The members of the Audit Committee and their attendance records are shown below:

Committee Member	Meetings attended
Sam Butler (Chair)	3/3
Adrian Connell (Vice Chair)	3/3
Sally Kells	2/3
Lucy Robinson	3/3
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 Accountability Agreement and funding contracts 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 2024 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2024 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. 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 Corporation, and more frequently where necessary. High risks are reported to each Corporation meeting, and the risk register is available on the Governor portal. 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.

As a result of the increasing risks arising from technology, there is ongoing oversight in relation to the risk of cyber attacks, both due to the increased dependence on the use of technology, 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 accountability agreement with the ESFA and Department for Education (DfE), as well as its funding agreements and contracts with the ESFA, DfE 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.

In the prior financial year, the DfE and ESFA 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 reviewed its policies, procedures and approval processes to ensure compliance with the requirements of reclassification, and these have been updated to ensure compliance with the published College Financial Handbook which takes effect from 1st August 2024. 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 2023-24 and up to the date of the approval of the financial statements are detailed below.

Internal audits

- ESFA Mock Funding
- Key Financial Controls
- Student Journey – Enquiry to Enrolment
- HR Performance Management
- HR Policies and Procedures
- Learning Support and High Needs Funding
- Follow-up of Previous Internal Recommendations

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

Advisory reviews

- There were no advisory reviews during the financial year.

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 2024 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2024 by considering documentation from the senior leadership team and internal audit, and taking account of events since 31 July 2024.

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

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



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 the College's accountability agreement, funding agreements and contracts with Education and Skills Funding Agency (ESFA) and Department for Education (DfE), 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 College's accountability agreement, funding agreements and contracts with ESFA and DfE, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

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



R Parks
Accounting Officer

Date: 10 December 2024

Statement of the chair of governors

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



J Flynn
Chair of Governors

Date: 10 December 2024

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's accountability agreement, funding agreements and contracts with ESFA and DfE 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), and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the Corporation will continue in operation.

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

The Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Corporation and which enable it to ensure that the financial statements are prepared in accordance with 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, DfE, and any other public funds, are used only in accordance with the accountability agreement, funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the Corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economic, efficient and effective management of the Corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA, DfE and other public bodies are not put at risk.

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



J. Flynn
Chair

Independent auditor's report to the Corporation of Salford City College for the year ended 31 July 2024

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 2024 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 2024, and of its income and expenditure, gains and losses and changes in reserves, and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education; and
- meet the requirements of the Accounts Direction issued by the Office for Students ('the OfS Accounts Direction').

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we 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 or material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations we considered the following;

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

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

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

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

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

- Posting inappropriate journal entries

Audit response to the risks identified

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

- Gaining an understanding of the legal and regulatory framework applicable to the College and the sector in which it operates;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management, the audit committee, the internal auditors and legal advisors concerning actual and potential litigation and claims;
- 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;
- In testing journal entries, we looked at the following areas:
 - Fixed assets
 - Debtors
 - Creditors
 - Wages.

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

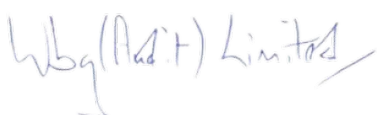
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed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

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by Education and Skills Funding Agency and our engagement letter.

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



Wbg (Audit) Limited

Statutory Auditor
168 Bath Street
Glasgow
G2 4TP

Date: 10 December 2024

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 16 October 2024 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Salford City College during the period 1 August 2023 to 31 July 2024 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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 2023 to 31 July 2024 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

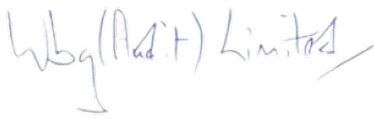
The work undertaken to draw to our conclusion includes:

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

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

Conclusion

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



Wbg (Audit) Limited

Statutory Auditors
168 Bath Street
Glasgow
G2 4TP

Date: 10 December 2024

Salford City College
Statement of Comprehensive Income

	Notes	Year ended 31 July	
		2024	2023
		£'000	£'000
INCOME			
Funding body grants	2	42,342	38,317
Tuition fees and education contracts	3	1,314	1,975
Other grants and contracts	4	981	897
Other income	5	1,549	1,518
Investment income	6	608	25
Donations and Endowments	7	-	-
Total income		46,794	42,732
EXPENDITURE			
Staff costs	8	28,661	27,772
Other operating expenses	9	12,422	11,769
Depreciation	16	3,128	2,724
Interest and other finance costs	14	(340)	224
Total expenditure		43,871	42,489
Surplus / (Deficit) before other gains, losses and tax		2,923	243
(Loss) / Gain on disposal of assets	16	3	(6)
Surplus / (Deficit) before tax		2,926	237
Taxation	15	-	-
Surplus / (Deficit) for the year		2,926	237
Actuarial (Loss) / Gain in respect of pension schemes	27	(926)	750
Total Comprehensive Income for the year		2,000	987
Represented by:			
Restricted Comprehensive Income		-	-
Unrestricted Comprehensive Income		2,000	987
		2,000	987

All items of income and expenditure relate to continuing activities.

The notes on pages 37 to 61 form part of these financial statements.

Salford City College
Statement of Changes in Reserves

	Income and Expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1 August 2022	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)	-
Total comprehensive income for the year	1,019	(32)	987
Balance at 31 July 2023	27,333	478	27,811
Surplus / (deficit) from the income and expenditure account	2,926	-	2,926
Other comprehensive income	(926)	-	(926)
Transfers between revaluation and income and expenditure reserves	33	(33)	-
Total comprehensive income for the year	2,033	(33)	2,000
Balance at 31 July 2024	29,366	445	29,811

The notes on pages 37 to 61 form part of these financial statements.

Salford City College
Balance Sheet as at 31 July 2024

	Notes	2024 £'000	2023 £'000
Non current assets			
Tangible fixed assets	16	38,858	36,762
Investments	17	-	-
		<u>38,858</u>	<u>36,762</u>
Current assets			
Stocks		58	49
Trade and other receivables	18	965	1,056
Cash and cash equivalents	23	10,843	12,658
		<u>11,866</u>	<u>13,763</u>
Creditors – amounts falling due within one year	19	(5,640)	(6,330)
Net current assets / (liabilities)		<u>6,226</u>	<u>7,433</u>
Total assets less current liabilities		45,084	44,195
Creditors – amounts falling due after more than one year	20	(15,169)	(16,219)
Provisions			
Defined benefit obligations	22	-	-
Other provisions	22	(104)	(165)
Total net assets / (liabilities)		<u>29,811</u>	<u>27,811</u>
Unrestricted Reserves			
Income and expenditure account		29,366	27,333
Revaluation reserve		445	478
Total unrestricted reserves		<u>29,811</u>	<u>27,811</u>
Total reserves		<u>29,811</u>	<u>27,811</u>

The financial statements on pages 33 to 61 were approved and authorised for issue by the Corporation on 10 December 2024 and were signed on its behalf on that date by:

J. Flynn
Chair



R. Parks
Accounting Officer



The notes on pages 37 to 61 form part of these financial statements.

Salford City College
Statement of Cash Flows

	Notes	2024 £'000	2023 £'000
Cash flow from operating activities			
Surplus / (Deficit) for the year		2,926	237
Adjustment for non-cash items			
Depreciation		3,128	2,724
(Increase) / decrease in stocks		(9)	(1)
(Increase) / decrease in debtors		91	(112)
Increase / (decrease) in creditors due within one year		(300)	507
Increase / (decrease) in creditors due after one year		1,112	3,273
Increase / (decrease) in provisions		(61)	(27)
Pensions costs less contributions payable		(926)	750
Adjustment for investing or financing activities			
Investment income		(608)	(25)
Interest payable		306	299
Loss / (gain) on disposal of fixed assets		(3)	6
Net cash flow from operating activities		5,656	7,631
Cash flows from investing activities			
Proceeds from disposal of fixed assets		3	2
Investment income		608	25
Payments made to acquire fixed assets		(5,496)	(4,535)
Net cash flow from investing activities		(4,885)	(4,508)
Cash flows from financing activities			
Interest paid		(306)	(299)
Repayments of amounts borrowed	21	(2,280)	(389)
Net cash flow from financing activities		(2,586)	(688)
Increase / (decrease) in cash and cash equivalents in the year		(1,815)	2,435
Cash and cash equivalents at beginning of the year	23	12,658	10,223
Cash and cash equivalents at end of the year	23	10,843	12,658

The notes on pages 37 to 61 form part of these financial statements.

Salford City College Report and Financial Statements for the year ended 31 July 2024

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 2023 to 2024, 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 £2,926,000 for the year to 31 July 2024 (2023: surplus of £237,000), net cash outflow of £1,815,000 (2023: inflow of £2,435,000) and at 31 July 2024 has net assets of £29,811,000 (2023: net assets of £27,811,000).

Consideration has been given to the recent cost of living crisis, and both the current and 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 2024-25, and fully expects funding to continue beyond this coming year. The College will benefit from the increased national funding rate from August 2024. Current enrolments for the 2024-25 academic year are on target, and future year growth is anticipated due to the progression of the College and the modest positive demographic changes due over the next few years.

The College currently has £3.115m of secured loans outstanding with bankers. The College has no overdraft facility, but does have £10.843m cash available as at July 2024. The College has one bank loan facility as at 31 July 2024. The terms of the existing agreement are 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 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 facility and covenant requirements for the foreseeable future.

Salford City College Report and Financial Statements for the year ended 31 July 2024

Notes to the Accounts (continued)

Going concern (continued)

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 currently 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.

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.

Salford City College Report and Financial Statements for the year ended 31 July 2024

Notes to the Accounts (continued)

Accounting for post-employment benefits (continued)

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.

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.

Salford City College Report and Financial Statements for the year ended 31 July 2024

Notes to the Accounts (continued)

Land and buildings (continued)

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 £2,000 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 £2,000 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.

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.

Salford City College Report and Financial Statements for the year ended 31 July 2024

Notes to the Accounts (continued)

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.

Financial liabilities and equity

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

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

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover 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.

Salford City College Report and Financial Statements for the year ended 31 July 2024

Notes to the Accounts (continued)

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.

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 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability/asset.

Salford City College Report and Financial Statements for the year ended 31 July 2024

Notes to the Accounts (continued)

Other key sources of estimation uncertainty (continued)

In accordance with the accounting policy adopted by the College, where the actuarial valuation at the year-end date results in a net asset, recognition of the asset is limited to the extent to which the College is able to recover its share of the surplus, either through reduced contributions in the future or through refunds from the scheme. The extent to which any net pension asset can be recognised is subject to significant actuarial assumptions around the potential future costs associated with the scheme, and can be impacted by changes to actuarial assumptions and agreed contribution rates. In particular, asset recognition is based on the accounting for the assets and liabilities at a point in time and may change materially should steps to be taken to obtain any refund from the scheme in the future. The College assesses the recoverability of any net pension asset on this basis, and determines whether it is appropriate for a surplus to be recognised or suppressed to £nil. At 31 July 2024, in line with the requirements of FRS 102, the calculated pension asset has been suppressed to £nil.

Salford City College Report and Financial Statements for the year ended 31 July 2024

2. Funding body grants

	2024	2023
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency – Adult Education Budget	22	24
Education and Skills Funding Agency – 16-18	28,087	25,507
Education and Skills Funding Agency – Apprenticeships	4,424	3,829
Greater Manchester Combined Authority - Adult Education Budget	6,079	5,716
Office for Students	122	102
Specific grants		
Education and Skills Funding Agency - additional funding:		
16-19 Tuition Fund	621	578
Teacher Pension Scheme contribution grant	1,232	957
Other Education and Skills Funding Agency grants	383	541
Other Greater Manchester Combined Authority grants	201	227
Higher Education grants	196	181
Releases of government capital grants	975	655
Total	<u>42,342</u>	<u>38,317</u>

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. The funding received for 16-19 Tuition Fund covered costs of £621k in 2023-24 (2022-23: £578k)

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.

	2024	2023
	£'000	£'000
Grant income from the Office for Students	318	283
Fee income for taught awards (exclusive of VAT)	802	1,327
Total	<u>1,120</u>	<u>1,610</u>

3. Tuition fees and education contracts

	2024	2023
	£'000	£'000
Adult education fees	124	150
Apprenticeship fees and contracts	54	58
Fees for FE loan supported courses	148	185
Fees for HE loan supported courses	627	469
Total tuition fees	<u>954</u>	<u>862</u>
Education contracts	360	1,113
Total	<u><u>1,314</u></u>	<u><u>1,975</u></u>

Salford City College Report and Financial Statements for the year ended 31 July 2024

4. Other grants and contracts

	2024	2023
	£'000	£'000
Additional Learning Support Element 3	864	801
Other grants and contracts	117	96
Total	981	897

5. Other income

	2024	2023
	£'000	£'000
Catering	1,187	1,039
Other income generating activities	252	366
Miscellaneous income	110	113
Total	1,549	1,518

6. Investment income

	2024	2023
	£'000	£'000
Other interest receivable	608	25
Total	608	25

7. Donations

	2024	2023
	£'000	£'000
Unrestricted donations	-	-
Total	-	-

8. Staff costs

The average number of persons (including key management personnel) employed by the College during the year, described as full-time equivalents, was:

	2024	2023
	No.	No.
Teaching staff	289	306
Non-teaching staff	264	256
Total	553	562

The average number of persons (including key management personnel) employed by the College during the year, on an average headcount basis, was:

	2024	2023
	No.	No.
Teaching staff	335	351
Non-teaching staff	363	368
Total	698	719

Salford City College Report and Financial Statements for the year ended 31 July 2024

Staff costs (continued)

Staff costs for the above persons

	2024	2023
	£'000	£'000
Wages and salaries	21,325	20,041
Increase / (release) of holiday pay accrual	20	(2)
Social security costs	2,106	2,027
Other pension costs (incl. FRS102(28.11) adjustments credit of £328k (2023: Charge of 815k))	4,492	5,036
Payroll sub total	27,944	27,102
Contracted out staffing services	534	525
	28,477	27,627
Restructuring costs – contractual	184	145
Total staff costs	28,661	27,772

The Corporation also makes available staff salary sacrifice schemes for childcare vouchers, Cycle to Work, zero emission cars and train season tickets. 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 Executive Team, which comprise: the Group Principal & Chief Executive, Chief Financial Officer, and Deputy Principal.

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

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

Staff costs (continued)

	Key management personnel			Other higher paid staff		
	2024 No.		2023 No.	2024 No.		2023 No.
£5,001 to £10,000						
£10,001 to £15,000						1 k
£15,001 to £20,000						1 l
£20,001 to £25,000						
£25,001 to £30,000						
£30,001 to £35,000				1	c	
£35,001 to £40,000						1 m
£40,001 to £45,000						1 n
£45,001 to £50,000						
£50,001 to £55,000				3	d	
£55,001 to £60,000				1	e	
£60,001 to £65,000				5	f	4
£65,001 to £70,000				1		4 o
£70,001 to £75,000				8	g	3
£75,001 to £80,000				2	h	2 p
£80,001 to £85,000				1	i	
£85,001 to £90,000						
£90,001 to £95,000			2	1	j	
£100,001 to £105,000	2					
£155,001 to £160,000			1	b		
£165,001 to £170,000	1	a				
	3		3	17		17

- a represents the pro rata salary of the Group Principal & Chief Executive following a salary review with an effective date of 1st December 2023 (full year basic salary within the £170,001 - £175,000 range)
- b represents the pro rata salary of the Group Principal & Chief Executive following a period of probation which ended on 31st October 2022 (full year basic salary within the £155,001 to £160,000 range)
- c represents the pro rata salary of a member of staff who joined the College on 2nd January 2024 (full year basic salary within the £60,001 - £65,000 range)
- d represents one member of staff who was on maternity leave until 20th October 2023 (full year basic salary within the £60,001 - £65,000 range), and the pro rata salary of two part time members of staff (full year basic salary within the £70,001 - £75,000 range)
- e represents a member of staff who was promoted in year with an effective date of 1st December 2023 (full year basic salary within the £60,001 - £65,000 range)
- f includes the pro rata salary of a member of staff who left the College on 30th June 2024 (full year basic salary within the £65,001 - £70,000 range), as well as one member of staff who has been included as a result of overtime incurred whilst being on call (full year basic salary within the £45,001 - £50,000 range)
- g includes payments to one member of staff as a result of restructuring (full year basic salary with the £60,001 - £65,000 range)
- h includes payments to one member of staff who has been included as a result of overtime incurred to cover staff absences (full year basic salary within the £25,001 - £30,000 range)
- i includes the pro rata salary of a member of staff following a college pay award effective 1st September 2023 (full year basic salary within the £85,001 - £90,000 range)
- j includes payments to a member of staff as a result of restructuring (full year basic salary with the £80,001 - £85,000 range)
- k represents the pro rata salary of a member of staff who left employment with the College on 2nd October 2022 (full year basic salary within the £60,001 - £65,000 range)
- l represents a member of staff who received salary, a payment in lieu of holidays not taken and a severance payment (full year basic salary within the £60,001 to £65,000 range)

Salford City College Report and Financial Statements for the year ended 31 July 2024

Staff costs (continued)

- m represents the pro rata salary of one part time member of staff (full year basic salary within the £60,001 to £65,000 range)
- n represents the pro rata salary of one part time member of staff (full year basic salary within the £65,001 to £70,000 range)
- o includes honorarium payments to a member of staff for additional work undertaken (full year basic salary within the £60,001 to £65,000 range)
- p one of these posts represents the pro rata salary of a member of staff promoted during the year (full year basic salary within the £75,001 to £80,000 range)

Key management personnel compensation is made up as follows:

	2024	2023
	£'000	£'000
Basic salary	370	341
Performance related pay and bonus	-	-
Compensation for loss of office	-	-
Employer's National Insurance	47	44
Benefits in kind	-	-
Pension contributions	89	78
Total key management personnel compensation	506	463

There were no emolument amounts due to key management personnel that were waived in 2023-24 or 2022-23. 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:

	2024	2023
	Group Principal and Chief Executive (emoluments for full year)	Group Principal and Chief Executive (emoluments for full year)
	£'000	£'000
Basic salary	168	155
Performance related pay and bonus	-	-
Employer's National Insurance	22	21
Other including benefits in kind	-	-
Pension contributions	43	37
	233	213

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.

Salford City College Report and Financial Statements for the year ended 31 July 2024

Staff costs (continued)

The remuneration package of the Executive Team, namely the Group Principal & Chief Executive, Chief Financial Officer, and Deputy 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 Executive Team. Qualitative measures of success, such as the level of engagement of staff and students are also considered.

In 2023-24, the Corporation met its aims and objectives for staff satisfaction, student numbers and student achievement. An inflationary pay increase of 6.5% was awarded to all staff, excluding key management personnel (Executive Team).

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

	2024	2023
	No.	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	4.9	4.8
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	6.2	5.9

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

	2024	2023
	No.	No.
Compensation paid to the former post-holder	50	5
Estimated value of other benefits, including provisions for pension benefits	-	-

The Accounting Officer did not receive any severance payments or compensation for loss of office in 2023-24 (2022-23: none).

No member of key management personnel received any severance payments or compensation for loss of office in 2023-24 (2022-23: none).

Three members of other higher paid staff received a severance payment or compensation for loss of office in 2023-24 (2022-23: 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.

Salford City College Report and Financial Statements for the year ended 31 July 2024

Staff costs (continued)

Severance payments for all staff

The College paid 9 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:

	2024	2023
	£'000	£'000
£0 to £25,000	6	11
£25,001 to £50,000	3	1
£50,001 to £100,000	-	-
£100,001 to £150,000	-	-
£150,000 or greater	-	-

Included in staff restructuring costs are special severance payments totalling £48,701 (2022-23: £40,724). Individually, the payments were: £1, £1, £3,645, £3,650, £5,129, £6,168.50, £7,000, £9,020, £14,086.

9. Other operating expenses

	2024	2023
	£'000	£'000
Teaching costs	2,071	2,132
Non-teaching costs	6,021	5,412
Premises costs	4,330	4,225
Total	<u>12,422</u>	<u>11,769</u>

Other operating expenses include:

	2024	2023
	£'000	£'000
Auditors' remuneration:		
Financial statements audit*	34	31
Other services provided by financial statements auditor**	4	3
Internal audit fees	17	15
Subcontracting Assurance Report	-	2
Payments to Subcontractors	1,040	1,237
Depreciation	3,128	2,724
Hire of assets under operating leases	706	667

* This amount includes £4,356 for the Funding Audit (2022-23 £3,960)

** Fees incurred in relation to the Access & Participation Audit, the Teachers' Pension Audit, and solely in 2023-24 an independent Grant Audit.

Salford City College Report and Financial Statements for the year ended 31 July 2024

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:

	2024	2023
	£	£
- Access investment	79,459	87,465
- Financial support to students	8,645	7,063
- Disability support	-	-
- Research and evaluation (relating to access and participation)	34,658	44,487

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.

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

	2024	2023
	£'000	£'000
Write offs	57	26
Losses	-	-

There were 2 individual write-offs or losses of £5,000 or more in 2023-24 (2023-23: nil). Due to a company going into administration, individual values of £28,324.72 and £18,883.15 were written off.

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 (2022-23: £nil).

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13. Compensation payments and ex-gratia payments

The College has not made any compensation payments or ex-gratia payments during the financial year (2022-23: £nil).

14. Interest payable and other finance costs

	2024 £'000	2023 £'000
On bank loans, overdrafts and other loans	306	299
On finance leases	-	-
Net interest on defined pension liability (Note 27)	(646)	(75)
Total	(340)	224

15. Taxation

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

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
Cost or valuation						
At 1 August 2023	36,723	20,786	2,135	5,359	1,598	66,602
Assets under construction transferred	-	-	-	-	(1)	(1)
Additions	-	3,692	353	772	409	5,226
Assets under construction capitalised	-	1,587	-	10	(1,597)	-
Disposals	-	-	-	(32)	-	(32)
As at 31 July 2024	36,723	26,065	2,488	6,109	409	71,795
Depreciation						
At 1 August 2023	13,717	10,840	1,095	4,188	-	29,840
Charge for the year	753	1,576	285	514	-	3,128
Disposals – fully depreciated assets	-	-	-	(32)	-	(32)
As at 31 July 2024	14,470	12,416	1,380	4,670	-	32,936
Net book value at 31 July 2024	22,253	13,649	1,108	1,439	409	38,858
Net book value at 31 July 2023	23,006	9,946	1,040	1,171	1,598	36,762

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.

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17. Non-current investments

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

18. Trade and other receivables

	2024	2023
	£'000	£'000
Amounts falling due in one year:		
Trade receivables	26	121
Prepayments and accrued income	572	613
Amounts owed by the ESFA	367	322
Total	965	1,056

19. Creditors: amounts falling due within one year

	2024	2023
	£'000	£'000
Bank loans (Note 21)	242	360
Payments received in advance	114	147
Trade payables	264	477
Other taxation and social security	493	466
Holiday pay accrual	109	89
Accruals and deferred income	2,685	3,242
Deferred income – government capital grants	1,165	708
Deferred income – government revenue grants	-	-
Fixed asset creditor	(7)	265
Other creditors	564	464
Amounts owed to the ESFA	11	112
Total	5,640	6,330

20. Creditors: amounts falling due after one year

	2024	2023
	£'000	£'000
Bank loans (Note 21)	2,873	5,035
Deferred income – government capital grants	12,296	11,184
Total	15,169	16,219

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21. Maturity of debt

(a) Bank loans

Bank loans are repayable as follows:

	2024	2023
	£'000	£'000
In one year or less	242	360
Between one and two years	256	381
Between two and five years	853	2,590
In five years or more	1,764	2,064
Total	3,115	5,395

At 31 July 2024, the College has one bank loan facility, repayable in quarterly instalments. 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. The College repaid one bank loan during the financial year.

(b) Finance leases

The College does not have any finance lease obligations.

22. Provisions

	Defined benefit obligations	Enhanced Pensions	Total
	£'000	£'000	£'000
As at 1 August 2023	-	165	165
Expenditure in the period	(1,741)	(12)	(1,753)
Additions in period	1,741	(49)	1,692
As at 31 July 2024	-	104	104

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:

	2024	2023
Price inflation	2.75%	3.00%
Discount rate	5.00%	5.05%

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

	At 1 August 2023	Cashflows	At 31 July 2024
	£'000	£'000	£'000
Cash and cash equivalents	12,658	(1,815)	10,843
Bank overdraft	-	-	-
Total	12,658	(1,815)	10,843

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24. Capital commitments

	2024	2023
	£'000	£'000
Commitments contracted for at 31 July	<u>119</u>	<u>26</u>

25. Lease obligations

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

	2024	2023
	£'000	£'000
Future minimum lease payments due:		
Land and buildings		
Not later than one year	594	518
Later than one year not later than five years	1,659	1,652
Later than five years	<u>13,709</u>	<u>12,863</u>
	<u>15,962</u>	<u>15,033</u>
Other		
Not later than one year	111	64
Later than one year not later than five years	271	16
Later than five years	-	-
	<u>382</u>	<u>80</u>
Total lease payments due	<u>16,344</u>	<u>15,113</u>

26. Contingencies

One complaint is being investigated by the Office of the Independent Adjudicator for Higher Education (OIA). The complaint process can take up to 6 months. The outcome is currently unknown; therefore, it has not been practical to estimate the potential liability at this stage.

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, the outcome of which was released on 8 November 2023. The Government intends to introduce legislation to calculate holiday pay entitlement at 12.07% of hours worked in a pay period for irregular hour workers and part time workers. 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 (2022-23: £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 which took effect on 1 April 2023. The latest formal actuarial valuation of the TPS was 31 March 2020, which took effect on 1 April 2024.

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Defined benefit obligations (continued)

Total pension cost for the year

	2024	2023
	£'000	£'000
Teachers' Pension Scheme: contributions paid	2,683	2,629
Local Government Pension Scheme:		
Contributions paid	1,741	1,582
FRS 102 (28) charge / (credit)	(328)	815
Charge / (Credit) to the Statement of Comprehensive Income	1,413	2,397
Enhanced pension charge / (credit) to Statement of Comprehensive Income	(49)	(10)
Total Pension Cost for Year within staff costs	4,047	5,016

At 31 July 2024, there was £561k outstanding contributions due to the two schemes (£368k TPS and £193k GMPF) which were both paid over in August 2024 (2022-23: £292k TPS and £179k GMPF). Of which employer's contributions due to the two schemes were £283k TPS and £148k GMPF (2022-23: £213k TPS and £137k 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, which took effect on 1 April 2024.

The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million giving a notional past service deficit of £39,800 million, based on the 31 March 2020 actuarial valuation report.

As a result of the valuation, new employer contribution rates rose to 28.68% of pensionable pay from April 2024, compared to the previous rate of 23.68% since September 2019. These rates include the administration levy of 0.08%. The Department for Education continues to pay a teacher pension employer contribution grant to cover the additional costs.

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Defined benefit obligations (continued)

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 £2,683,105 (2022-23: £2,628,646).

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.

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 2024 was £2,278,274, of which employer's contributions totalled £1,746,119 and employees' contributions totalled £532,155. The agreed contribution rates for current and 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 28 March 2024 updated to 31 July 2024 by a qualified independent actuary, Hymans Robertson LLP.

	2024	2023
Rate of increase in salaries	3.55%	3.80%
Future pensions increases	2.75%	3.00%
Discount rate for scheme liabilities	5.00%	5.05%
Inflation assumption (CPI)	2.75%	3.00%
Commutation of pensions to lump sums	50.00%	50.00%

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

	2024	2023
<i>Retiring today</i>		
Males	20.1	20.2
Females	23.1	23.2
<i>Retiring in 20 years</i>		
Males	20.6	20.8
Females	24.5	24.6

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Defined benefit obligations (continued)

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 2024 £'000	Fair value as at 31 July 2023 £'000
Equities	44,092	40,840
Bonds	9,585	8,053
Property	5,112	4,602
Cash	5,112	4,027
Total fair value of plan assets	<u>63,901</u>	<u>57,522</u>
Weighted average expected long term rate of return	5.00%	5.05%
Actual return on plan assets	<u><u>5,502</u></u>	<u><u>1,084</u></u>

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

	2024 £'000	2023 £'000
Fair value of plan assets	63,901	57,522
Present value of plan liabilities	<u>(63,901)</u>	<u>(57,522)</u>
Total	<u><u>-</u></u>	<u><u>-</u></u>

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

	2024 £'000	2023 £'000
Amounts included in staff costs		
Current service cost	1,411	2,255
Past service cost	2	142
Total	<u>1,413</u>	<u>2,397</u>
Amounts included in interest payable		
Net interest on defined pension liability	<u>598</u>	<u>65</u>
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets	2,575	(904)
Experience gains / (losses) arising on defined benefit obligations	(1,540)	(4,208)
Experience gains / (losses) arising on defined benefit assets	-	(845)
Changes in assumptions underlying the present value of plan liabilities	<u>(1,961)</u>	<u>6,707</u>
Total	<u><u>(926)</u></u>	<u><u>750</u></u>

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Defined benefit obligations (continued)

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

	2024	2023
	£'000	£'000
Net defined (liability) / asset in scheme at 1 August	-	-
Movement in the year:		
Current service cost	(1,411)	(2,255)
Employer contributions	1,741	1,582
Past service costs	(2)	(142)
Net interest on the defined liability	598	65
Actuarial gain or (loss)	(926)	750
Net defined benefit (liability) / asset at 31 July	-	-

Asset and liability reconciliation

Changes in the present value of defined benefit obligations

	2024	2023
	£'000	£'000
Defined benefit obligations at start of period	57,522	56,427
Current service cost	1,411	2,255
Interest cost	2,329	1,923
Contributions by Scheme participants	530	492
Experience (gains) and losses on defined benefit obligations	1,540	4,208
Changes in financial assumptions	1,961	(6,707)
Estimated benefits paid	(1,394)	(1,218)
Past service costs	2	142
Curtailments and settlements	-	-
Defined benefit obligations at end of period	63,901	57,522

Changes in fair value of plan assets

	2024	2023
	£'000	£'000
Fair value of plan assets at start of period	57,522	56,427
Return on plan assets	2,575	(904)
Interest on plan assets	2,927	1,988
Employer contributions	1,741	1,582
Contributions by Scheme participants	530	492
Contribution in respect of unfunded benefits	-	(845)
Estimated benefits paid	(1,394)	(1,218)
Fair value of plan assets at end of period	63,901	57,522

In accordance with the accounting policy adopted by the College, where the actuarial valuation at the year-end date results in a net asset, recognition of the asset is limited to the extent to which the College is able to recover its share of the surplus, either through reduced contributions in the future or through refunds from the scheme. The extent to which any net pension asset can be recognised is subject to significant actuarial assumptions around the potential future costs associated with the scheme, and can be impacted by changes to actuarial assumptions and agreed contribution rates. In particular, asset recognition is based on the accounting for the assets and liabilities at a point in time and may change materially should steps be taken to obtain any refund from the scheme in the future. The College assesses the recoverability of any net pension asset on this basis, and determines whether it is appropriate for a surplus to be recognised or suppressed to £nil. At 31 July 2024, in line with the requirements of FRS 102, the calculated pension asset has been suppressed to £nil.

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28. Related party transactions

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

There was one expenses claim paid to a governor during the year 2023-24. This amounted to £37.76 and was for travel expenses (2022-23: £nil).

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2022-23: £nil).

Salford Academy Trust

Salford City College was the sponsor of Salford Academy Trust. Salford Academy Trust comprises of the Albion Academy, Marlborough Road Academy, Dukesgate Academy and Irlam and Cadishead College. The Academies within the Trust transferred to the United Learning Trust on 1 February 2019. Following transfer, a process of closure was enacted for the Salford Academy Trust, with the Trust placed into solvent liquidation on 10th September 2021. The College made no payments on behalf of the Trust in 2023-24 (2022-23: £nil). There were no sales to the individual academies within the Trust during the year (2022-23: £nil). The Trust was dissolved on 30 December 2023 and there was no balance owing to the College at that date (2022-23: £nil). The following employees of Salford City College were directors of Salford Academy Trust:

	Salford City College	Salford Academy Trust
Kimberley Cash	Deputy Principal (Student Experience and Support)	Director (commenced 10 October 2015)
Ruth Osbourne-Thompson	Director of Student Experience and Communications	Director (commenced 7 February 2018)

29. Amounts disbursed as agents

Learner support funds

	2024	2023
	£'000	£'000
16-18 bursary grants	1,092	1,012
Other funding body grants	64	60
	<u>1,156</u>	<u>1,072</u>
Deferred income carried forward from previous year	859	545
Returned to funding body	(6)	(11)
Disbursed to students	(349)	(409)
Administration costs	(51)	(50)
Other expenditure in line with grant conditions	(441)	(269)
Released from Free School Meals	-	(19)
Balance unspent as at 31 July, included in creditors	<u>1,168</u>	<u>859</u>

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

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30. Events after the reporting period

There are no significant post balance sheet events.