Myerscough College

INSPIRING EXCELLENCE

Report and Financial Statements
for the Year Ended 31 July 2023

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REFERENCE AND ADMINISTRATIVE DETAILS

Board of Governors

A full list of Governors is given on pages 20 and 21 of these financial statements.

Ron Matthews acted as Clerk to the Corporation throughout the period.

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in the year ended 31 July 2023:

Wes Johnson	Chief Executive and Principal; Accounting Officer - from 01 September 2023
Steven Downham-Clarke	Interim Chief Executive and Principal; Accounting Officer - 14 August 2023 to 31 August 2023
Alison Robinson	Chief Executive and Principal; Accounting Officer - retired 13 August 2023
Steven Downham-Clarke	Vice Principal & Deputy Chief Executive
John Wherry	Deputy Principal Resources
Joanne Sherrington	Deputy Principal Finance & Corporate Services

Professional advisers:

Financial Statement Auditor and Regularity Reporting Accountant:
RSM UK Audit LLP
Bluebell House
Brain Johnson Way
Preston PR2 5PE

Internal Auditors:
Tiaa
Dallam Court
Dallam Lane
Warrington
WA2 7LT

Bankers:
Barclays Bank PLC
Navigation Way
Preston PR2 2XY

Solicitors:
Napthens LLP
7 Winckley Square
Preston PR1 3JD

Eversheds Sutherland (International) LLP
Bridgewater Place
Leeds LS11 5DR

STRATEGIC REPORT

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2023.

Myerscough is a specialist land-based and sports college based in the North West of England. The main campus is in Bilsborrow, eight miles from Preston, with other centres of learning in Liverpool, Blackburn, Ullswater and Manchester. Myerscough actively supports the land-based and sports sectors with close links with employers, professional bodies and funding organisations. Established in 1894, the College has a long history as a key provider of further and higher education in the land-based and sport sectors.

The range and depth of courses within these specialist areas is extensive, providing learners with opportunities from pre-entry level to postgraduate degrees in a wide range of qualifications, with progression up the academic ladder or into related employment.

Myerscough is a responsive College, with a proven track record in delivery. It is a caring, supportive organisation where every individual matters.

Legal Status and Public Benefit

The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting Myerscough College. Myerscough College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 20 & 21. In setting and reviewing the college's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the college provides identifiable public benefits through the advancement of education to 4,661 students, including 342 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 approximately 1,200 apprentices. The college is committed to providing information, advice and guidance to the students it enrols and to finding suitable courses for as many students as possible regardless of their educational background.

Mission, Vision, Strategy and Objectives

Mission

The College's mission statement is:

Inspiring excellence

Vision

The College's vision is to:

- be a leading College in the land based, science, engineering and sports sectors;
- be the natural choice for students, staff and employers;
- provide a highly skilled, creative and technical workforce;
- deliver excellent outcomes through inspirational and inclusive learning and services;
- build sustainability into all we do.

Values

Myerscough College has 3 Strategic Goals to improve learning, people and sustainability. Our values directly support our Strategic Goals:

Learning	People	Sustainability
Our delivery will be high quality and innovative with students at the heart of decision making.	We will enable staff and students to fulfil their potential whilst promoting resilience, leadership, accountability and teamwork.	We will provide a happy, healthy, safe, supportive and sustainable environment in which to live, work and study.
We will advance **FREDIE**: Fairness, respect, equality, diversity, inclusion, engagement in all we do		

Strategic Plan and Objectives

The strategic plan for 2020-2025 was devised in consultation with staff and Governors providing clear objectives that ensure that our staff and learners work together to 'inspire excellence'.

The strategic plan has three clear strategic objectives referred to as strategic goals:

Strategic Goal 1: Learning – To provide excellence in learning we will:
1.1 Design, deliver and recruit with integrity to land based, engineering, science and sports qualifications in line with local, regional and national economic skills needs.
1.2 Provide excellent teaching, applied research and scholarly activity that creates curious and aspirational learners, improves achievement and transforms lives.
1.3 Enable students at all levels and contexts to develop their personal development and employability skills to enable them to achieve their aspirations and full potential.
1.4 Develop high level technical, creative and digital skills in staff and students.
1.5 Provide outstanding resources which are safe, industry relevant, cutting edge and standard setting.

Strategic Goal 2: People – Our greatest assets are our people. To support them we will:
2.1 Attract, retain and invest in high quality people through providing a supportive environment where staff feel listened to and valued.
2.2 Promote and advance FREDIE principles with a culture of fairness, respect, equality, diversity, inclusion, engagement.
2.3 Provide a safe, secure, healthy and supportive environment to live, work and study.
2.4 Develop strategic partnerships with universities, schools, local / devolved authorities, employers to enhance skills and productivity and align with local, regional and national skills needs.
2.5 Promote and embed a culture of ambition, innovation, resilience and high performance supported by coaching and supportive challenge.

Strategic Goal 3: Sustainability - To support the College's long-term sustainability we will:
3.1 We will deliver ongoing value for money, including outstanding financial management and planning, which will effectively and efficiently enable quality outcomes for learners, good governance and the robust stewardship of College funds.
3.2 Deliver an annual plan that allows for ongoing investment in our resources.
3.3 Review College services and estate to improve resources, produce efficiency savings, financial, cyber and digital resilience and agility.
3.4 Promote and embed a green / sustainability agenda across all activities.

Each statement has a series of targets, milestones and KPI's, which are cascaded down through the organisation and subject to regular monitoring by the Governing body. These provide the basis of all target setting and performance management throughout the College.

Resources

The College employed, expressed as average headcount, 818 people, of whom 521 were teaching staff.

The college enrolled 4,661 students. The college's student population included 1,888 16-to-18-year-old students, 1,230 apprentices, 719 higher education students, and

824 adult learners.

The college has £45.11 million (2022: £40.59 million) of net assets including £NIL pension liability (2022: liability of £3.51 million) and long-term loans of £ 5.61 million (2022: £6.38 million).

Tangible resources include the main college site at Bilsborrow and leased sites in Merseyside, Cumbria and East Lancashire. Agricultural land in Preston which is owned, plus two farms locally. The main site also holds 29 Residential blocks which hold approximately 600 students from age 16 upwards. The college also holds £15.060 million in short term deposits, £5.676m of which is committed for use for further capital investment in the main college site and £3.000m which will be used to repay loans that will crystalise in 2024-25. £6.384m is the balance left to pay contractual loan repayments and working capital.

The 16 to 19 tuition fund was provided by the Government initially in 2020 and was carried forward to the 2022 to 2023 academic year. The fund provides additional funding for schools, colleges and other 16 to 19 providers to help with the disruption to learning caused by coronavirus (COVID-19). It's for small group tuition in English, math's and other subjects that have been disrupted, including vocational and/or academic learning. The 16 to 19 tuition fund is ring-fenced funding for schools, colleges and all other 16 to 19 institutions who receive annual funding allocations from ESFA for the provision of 16 to 19 education. The College was granted £263k for 2022-23 and has delivered £51k of the funding.

The College was awarded £232,639 by the DfE to deliver the Skills Accelerator Fund for the period Apr 22 – Dec 22. The funding was used to deliver within the land-based low carbon sector to encourage farmers to take up low carbon farming practices along with project co-ordination costs for Lancashire Colleges, actual expenditure was £225,878, £92,053 is recognised within this financial year.

The College was awarded £100,000 by the DfE from the Local Skills Improvement Fund, the grant is paid to support initial engagement activity of 11 local colleges and a co-ordination partner, linked to the development of the full set of project proposals to be submitted at stage 2. Myerscough College is the lead partner at stage 1 delivery and funding was undertaken in 23/24.

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

Myerscough's care provided to under 18 residential students was recognised as 'Good with outstanding features' by Ofsted in March 2022. Matrix recognised the comprehensive information advice and guidance systems across all areas of the College (re-accredited January 2021) and assessed as 'positive' about disabled people and a Leader in Diversity (re-accredited in July 2021).

Ofsted carried out a full inspection of the College's Further Education and Apprenticeship provision in November 2023, the Inspection Report will be published at the end of December 2023.

In 2017 Myerscough was recognised by the Department of Education and Companies House as the University Centre Myerscough.

In 2023 Myerscough College and University Centre achieved a silver award in an assessment that highlights excellence in teaching and learning across higher education providers in the UK (TEF).

Stakeholders

The college has many stakeholders including:

- its current, future and past students;
- Parents;
- its staff and their trade unions. The College Leadership team are named in note 7. The trade unions of which Myerscough College staff are members are the University and College Union, National Education Union and Unison;
- the employers it works with;
- its partner schools and universities;
- the wider college community;
- its local community, borough council, combined authority and Local Enterprise Partnership;
- Professional Bodies; and
- Professional Advisers.

DEVELOPMENT AND PERFORMANCE

Financial Results

The College generated a surplus before other gains and losses of £ 279k (2022: loss of £386k). The surplus before pension movements or actual trading surplus for the year was £1,071k (2022: surplus of £1,754). The impact of the local government pension scheme has been a charge of £734k (2022: £2,177k) to the statement of comprehensive income. College income has increased to £ 37.120m in 2022/23 from £35.374m in 2021/22, largely due to increased funding from funding body grants, whilst staffing costs have seen an increase to £ 22.15m (2022: £22.08m) due to salary rises.

At the Balance Sheet date, the College held net current assets of £ 7.67m and accumulated reserves of £ 45.11m. The defined benefit pension liability accounting valuation has determined the scheme is in a surplus position, this has not been recognised, the valuation has been reduced to zero due to minimum funding requirements. The college has outstanding loans of £5.61m at the year-end. Cash balances at the end of the year had risen to £15.06m (2022: £13.19m), these balances will be invested in delivery of the organisational objectives. This includes capital grants of £2.64m, committed and budgeted capital expenditure of £3.033m and future loan capital refinancing payments of £3.0m for the loans due to be re-financed in 2025/26. Tangible fixed asset additions during the year amounted to £3.73m. This consisted of building work of £2.20m and equipment / vehicles purchased of £1.53m. Trade debtor balances have reduced in year due to rigorous collection procedures, consequently improving cash reserves.

The Education and Skills Funding Agency financial health rating for Myerscough College is 'Outstanding' which is as planned as investment continues in the educational and campus resources. The financial results show Myerscough to be rated as 'Outstanding' for 2022/23 and the forecast as 'Good' for 2023/24 and 2024/25 as confirmed by the ESFA.

In November 2022 the Office for National Statistics (ONS) determined that English FE Colleges were to be classified to the Central Government Sector. Colleges are required to follow the overall financial control framework for all central government bodies, HM Treasury's Managing Public Money (MPM). MPM provides a framework of financial oversight. Five bite-size guides were released by the DFE in January 2023 as listed below, the College has incorporated all of these into its Financial Regulations:

Special payments – severance, ex-gratia and compensations

Novel, contentious and repercussive transactions - no prior experience or outside of normal business and/or contentious (cause controversy or criticism)

Indemnities, letters of comfort and guarantees - to help colleges understand the concepts of indemnities, guarantees and letters of comfort and when and how to seek approval from the Department for Education (DfE) for them

Write-Offs - seek approval from the Department for Education (DfE) for write-offs and losses individually over £45k and cumulatively over £250k

Senior pay controls - Explains the process for colleges to get approval from government for remuneration of £150,000 and over, and bonuses of more than £17,500.

The DFE have issued borrowing guidance, there is an expectation from DfE that colleges will continue to repay existing debt to maturity. Where colleges may have been expecting to refinance residual debt commercially:

- if this residual debt cannot be refinanced by a commercial lender with terms and conditions that are compliant with MPM; and
- the college does not have sufficient cash reserves to repay in full; then in these cases the DfE will provide funding to enable the college to repay the residual debt.

The DfE will recover funds from the college over an agreed period. Any amendments to existing borrowing will require prior consent from the DfE. The College has 2 loans that will need to be refinanced in 2025/26 and has set £3m aside to settle the outstanding balance. The College will comply with the DFE guidance.

Cash flows and Liquidity

The year-end cash balances was £15.06m (2022: £13.19m), the cash flow from operating activities was strong at £5.62m (2022: £4.03m). Cash outflows from investing activities was £2.67m (2022: £1.63m) including capital expenditure of £3.53m (2022: £2.42m). Cash outflows from financing activities was £1.08m (2022: £0.97m). The working capital cash balance is £6.38m after deducting committed and budgeted capital expenditure of £3.03m, DfE capital grant monies of £2.64m, and loan settlements of £3.00m due in 2025/26.

	£m
Cash Balance as at 31.07.2023	**15.06**
Less Committed Cash:	
Capital still to be spent from College Funds for 2022/23	1.48
Capital due to be spent in 2023/24 from College Funds	1.56
FE Funds - including Energy Efficiency, Reclassification, Capital Transformation	2.64
Monies held to repay loans in 2025/26	3.00
Balance for contractual loan repayments and working capital balance	**6.38**

The College currently has long term loans totalling £5.6m (2022: £6.4m). The loan portfolio is fully drawn and consists of loans first drawdown in July 2005, 2012, 2017 and 2018. All loans are being repaid in accordance with the agreed loan amortisation profiles. Interest on loans is partly on a fixed rate with the remainder on variable, thus ensuring the College's risk is managed in accordance with the Treasury Policy. There have been a number of recent rises in the Bank of England base rate within the year. The College has four loans on variable rate and two loans on fixed rate terms, the College has had to absorb the associated interest costs of these rises. The College did not breach any of its loan covenants in the period.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this margin was comfortably exceeded. At the end of the year total borrowings were 15% of income.

Developments

The College's developments involved tangible fixed asset additions during the year of £3.73m. This consisted of building work of £2.20m and equipment and vehicles purchased of £1.53m. The College approved capital expenditure for the year was £3m, however, £1.257m was brought forward from delayed and unspent 21/22 approved capital expenditure, therefore a total of £4.257m was committed from College funds in 2022/23. Alongside this, additional expenditure was incurred which was supported by grants, £1.035m T Level funding, £197k DFE Renewables funding and £92k from research funding. This is a total amount of capital expenditure of £5.581m, £4.207m of which is from College funds. The College is carrying forward £2.04m of capital expenditure which was due to be spent in the year but which will now be spent in the following year.

The College was awarded two T Level Capital Fund Building and Facilities Improvement Grants (TLCF BFIG). The two projects were due to commence in early 2023 and were to be completed by September 2023. The grants were to be matched funded 50% by the College as follows:

Curriculum area	Total project cost	Total grant	Total match funding
Engineering	£750,000	£375,000	£375,000
Agriculture, Environment & Animals	£820,000	£410,000	£410,000

The Engineering project has been completed within the year, but the Agriculture, Environment and Animals aspect was delayed. The College chose to delay the implementation of T levels due to the challenges of staffing and the availability of specialist equipment, the DFE has agreed an extension until August 2024 for the grant to be spent.

The College received a successful bid from the Skills Development Fund 2 for:

- a new robotic diary parlour at the College Farm;

- related farming support; and
- employing Sustainability Teaching and Learning Coaches to embed net zero / sustainability / green skills in our FE curriculum and to train our staff;

The contract value was £200,000 capital and £151,734 revenue, together with a contribution from the College of £250,000. The robotic dairy parlour is now in operation and the training to staff was completed in year.

Reserves

The College has accumulated reserves of £45.1m (2022: £40.6m) and cash and short-term investment balances of £15.06m. The College retains levels of reserves which it feels are appropriate to ensure that it can continue to support and invest in the aims and objectives set by Corporation but provides sufficient protection from future uncertainties. The College wishes to continue to accumulate reserves and cash balances in order to create a contingency fund to meet future capital requirements linked to educational needs.

Pension Schemes

The financial statements report the College's share of the Local Government Pension Scheme (LGPS) on the College's balance sheet in line with the requirements of Financial Reporting Standard 102 (FRS102). This deficit has reduced during the year from £3.5m to £0 and reduced the surplus by £0.734m.

Due to the movement in the discount rate the actuarial report presents a net asset position of £10.4m at the year end. As the scheme was in an asset position a judgment was made in respect of the amount of asset that the College could benefit from and recognise in the financial statements. A net defined pension benefit is recognised at the lower of the accounting valuation and the asset recoverable amount (referred to as the asset ceiling). The recoverable amount is the present value of any economic benefit available from the scheme and is the higher of:

• Any refund (referred to within the scheme regulations as an exit credit) that the sponsoring employer is unconditionally entitled to; and
• The present value of any right that the sponsoring employer must reduce contributions.

As the Lancashire LGPS does not provide any rights to an exit credit, the second option was investigated. The actuary established that due to the Minimum Funding Requirement (MFR) exceeding the current service cost obligation, there would be no asset to recognise, as the College is always required to fund a higher amount than the future obligations. FRS 102 does make it clear that no additional liability should be recognised in respect of an MFR for past service costs. It is silent though on how a surplus (and indeed obligation) should be measured when there is an MFR. As the Lancashire LGPS does have an MFR, the second option must be utilised. Therefore, as the College will always have to satisfy an MFR of more than the future service cost, there is no asset benefit to recognise, assuming the scheme runs to perpetuity. Therefore, the balance within the College accounts is £0.

Valuations of local government pension schemes must be undertaken every four years to measure the costs of benefits being provided. The 31 March 2022 marked the valuation date for LGPS valuations in England & Wales. Initial results were available in Autumn 2022 and the revised contributions were agreed upon by 31 March 2023.

The College has the following revised results as a consequence of the valuation. The service rate of pay increase to 19.5% to March 2024, 20.2% to March 2025 and 20.8% to March 2026 from 17.4% to 01 April 2023.

These movements are outside the control of the College management and are dependent on the ongoing performance of the national and international financial markets. The fund is managed by a professionally qualified actuary.

Sources of income

The College has reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2022/23 the education sector funding bodies (including indirect funding and associated tuition fees) amounted to 78% of College income (2022: 79%).

FUTURE PROSPECTS

Future developments after the Balance Sheet date

The total FE funding contract for 16-18 learners excluding apprenticeships has been confirmed at £16.2m for 2023/24 (£15.3m in 2022/23) including an increase in high needs funded learners from £2.1m in 2022/23 to £2.2m in 2023/24.

In July 2023 the government announced that it would award nearly £500 million to colleges over the next two years to help fund pay rises, an agreement was reached with the Treasury by Education Secretary Gillian Keegan to fund colleges by an additional £185 million in 2023/24 and £285 million for 2024/25. The new funding was added through the 16-19 funding formula, and the College received an extra £1.38m in September 2023. The Education Secretary announced that the extra funding will be delivered through "boosting programme cost weightings for higher-cost subject areas as well as increasing the per-student funding rate" through 16-19 funding. On the 21 September 2023, the AoC met with the Unions and recommended a 6.5% pay increase and that colleges should use all of their share of the extra funding to address staff recruitment and retention challenges. The College Corporation Board approved a pay proposal on the 31 October 2023. The College has committed to pay the following pay recommendation:

- 6.5% to be paid to all staff, other than Senior Postholders and those on National Living Wage (NLW), from 01 January 2024;
- NLW increased to the Governments recommendation per hour from 01.04.2024; and
- Two extra days awarded to all staff apart from Senior Postholders to be taken as part of the Christmas holidays on 04 and 05 January 2024 to make the Christmas break a full two weeks with only 5 days holiday used; this is important for staff wellbeing.

Following consultation with their members, UCU, informed the College on the 10 November 2023 that their members had rejected the Colleges offer and would commence industrial action. The College has not made a revised offer.

Ofsted carried out a full inspection of the College's Further Education and Apprenticeship provision in November 2023, the Inspection Report will be published at the end of December 2023.

Student recruitment has remained steady for FE students and apprentices in the financial year to 31 July 2023 with student numbers broadly meeting those expected in the College Financial Plan. HE numbers are in line with the budget, however, this isa forecast reduction of 60 compared to last year.

The College's CEO, Principal and Accounting Officer of five years retired on the 13 August 2023. The College's Deputy CEO and Vice Principal acted as the Interim CEO, Principal and Accounting Officer from 14 August 2023 to 31 August 2023. On the 01 September 2023 the College's new CEO, Principal and Accounting Officer, Wes Johnson, started in post. Mr Johnson is an experienced and highly respected CEO and College Principal with experience of working in land-based colleges.

The College was awarded two T Level Capital Fund Building and Facilities Improvement Grants (TLCF BFIG). The two projects were due to commence in early 2023 and were to be completed by September 2023. The grants were to be matched funded 50% by the College. The total project cost is £1.57m with £0.78m grant funding.

The Engineering project has been completed within the year, but the Agriculture, Environment and Animals aspect was delayed. The College chose to delay the implementation of T levels, due to the challenges of staffing and the availability of specialist equipment, the DFE has agreed an extension until August 2024 for the grant to be spent. Including the T Level funding the College is carrying forward £2.2m of capital expenditure which was due to be spent in the year but which will now be spent in the following year.

In November 2022 the Office for National Statistics (ONS) determined that English FE Colleges were to be classified to the Central Government Sector. Colleges are required to follow the overall financial control framework for all central government bodies, HM Treasury's Managing Public Money (MPM). MPM provides a framework of financial oversight. The DFE have issued borrowing guidance, there is an expectation from DfE that colleges will continue to repay existing debt to maturity. Where colleges may have been expecting to refinance residual debt commercially:

- if this residual debt cannot be refinanced by a commercial lender with terms and conditions that are compliant with MPM; and
- the college does not have sufficient cash reserves to repay in full; then in these cases the DfE will provide funding to enable the college to repay the residual debt.

The DfE will recover funds from the college over an agreed period. Any amendments to existing borrowing will require prior consent from the DfE. The College has 2 loans that will need to be refinanced in 2025/26 and has set £3m aside to do this. The College will comply with the DFE guidance.

The DFE have promised to consult on a new draft college finance handbook which they plan to publish in April 2024 for implementation in August 2024. Colleges will be expected to produce annualised figures as at 31 March to be consolidated into the public sector figures. The first full year of consolidation will either be the 2024-5 academic year. There is strong Treasury pressure on DFE to implement a change of college year-end to 31 March.

The Department for Education published the 2020 teacher pension valuation on Friday 27th October 2023, this proposed an increase from 1 April 2024, from 23.68% to 28.68%. Ministers have confirmed that HM Treasury will be providing compensating funding to "centrally funded employers" to cover the extra costs of these increases and have also confirmed that colleges, like schools, will be covered by an increase in existing funding.

Financial plan

The College Governors approved a Financial Plan in July 2023 which sets objectives for the period to 2024. The College aims to maintain a health rating of 'Good' and achieve a small operating surplus in the year to 31 July 2024.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, investments and borrowings; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place. Short-term borrowing for temporary revenue purposes is authorised by the Principal. Such arrangements are restricted by limits in the Financial Memorandum with the Education and Skills Funding Agency. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum of the Education and Skills Funding Agency. The College did not undertake any additional borrowing during the year and financed the continued investment in College resources from cash inflows generated from operating activities and capital grant funding received in respect of the principal property developments. The College did not breach any of its lending covenants in the year.

At the end of the year £5.7m was held on deposit with Barclays with £3.55m invested with Nationwide, £3.04m invested with Lloyds, and £2.76k with Nat West. These funds will be utilised in accordance with the College Strategic Plan to further improve learner facilities and resources and to repay future loan repayments.

Reserves Policy

The college has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the college's core activities. The college reserves include £28k (2022: £28k) held as restricted reserves. As at the Balance Sheet date the Income and Expenditure Reserve stands at £42.6m (2022: £37.9m). It is the corporation's intention to continue to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

PRINCIPAL RISKS AND UNCERTAINTIES

The College continues to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the College undertakes a comprehensive review of the risks to which it is exposed. It identifies systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented, and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the College also considers any risks which may arise as a result of a new area of work being undertaken by the College.

A Risk Register is maintained at the College level which is continually updated for developments within our environment, reviewed monthly by the Principalship, quarterly by the Governor Committees and 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. The College assesses its controls over risks using three levels of assurance. First, second and third lines of assurance provide a clearer picture of where the College receives assurance and if the controls in place are adequate. Risks are prioritised using a consistent scoring system.

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

1. Recruitment and Retention of students in an increasingly competitive environment

Failure to achieve recruitment and retention targets and planned student numbers leading to income targets not being achieved, impacting on cash flows and the ability to invest in our people and facilities. This risk is mitigated by:

- Ensuring the College delivers industry relevant quality education and training.
- Targets set for recruitment and retention are closely monitored.
- Reporting KPIs to Corporation Board and the relevant Committees and within the Monthly Finance Report.
- Monitoring marketing and conversion activity.
- Reviewing student feedback, accommodation in Halls and transport routes.
- Developing strong curriculum strategies.

2. Government Funding

The College has considerable reliance on continued government funding through the further education sector funding bodies and from the Office for Students (via UCLan and directly). 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 or increase at the same rate of related costs particularly salaries.

This risk is mitigated in the following ways:

- Funding is derived through a number of direct and indirect contractual arrangements.
- By ensuring the College delivers industry relevant, high-quality education and training.
- The College manages key relationships with the various funding bodies.
- The College has diversified income streams across HE, FE and other commercial areas.
- Rigorous budgeting and curriculum planning to control costs in order to ensure the College delivers a surplus.
- By ensuring that the College complies with funding guidance and is audit compliant.

3. Cyber Security

The College was affected by a cyber security attack on the 20 August 2020 which impacted operations. The College has and continues to invest in upgrading the College's cyber security defences. However, managing cyber risk across all organisations and sectors is a major challenge. The costs for all enterprises are increasing – building and maintaining cybersecurity capability is expensive, and the return on investment is uncertain. The risks associated with cyberthreats are often opaque, and it is difficult to calibrate the right nature and scale of investment in cybersecurity therefore the risk to all organisations remains high.

This risk is mitigated by:

• Regular engagement with JISC and other agencies to ensure mitigations are current and responding to the latest attempted cyber breaches or successful attacks.

• To obtain Cyber Essentials accreditation and to invest in the appropriate skills and IT security infrastructure, staff awareness and training.

STREAMLINED ENERGY AND CARBON REPORTING

The College is committed to reducing its carbon emissions, the College has implemented the following measures to reduce the carbon footprint from its activities:

- Installation of air source heat pump technology in premises at Croxteth Park, Liverpool.
- Additional solar array capacity at Croxteth Park Liverpool.
- Replacement of five gas boilers with energy efficient models.
- Staff encouraged to continue the use of Microsoft teams and other software for virtual meetings to reduce travel by staff and suppliers.
- Staff encouraged to adopt a hybrid working model.
- Continued adoption of reduce, reuse, and recycle principles in order to minimise waste.
- Further lighting efficiency improvements have been completed.
- Staff have been encouraged to take a training course in Carbon Literature.

The College produces a Streamlined Energy and Carbon Report and this is available on the College website.

KEY PERFORMANCE INDICATORS

The table below demonstrates the College's key performance indicators that were set for the year, it shows the results against those targets.

Key performance indicator	Measure/Target	Actual for 2022/23
Student number targets 16-18 ESFA	1,981	1,888
Surplus before interest, depreciation and amortisation as % of income	>3.0%	8.4%
Ofsted rating	Good	Good

STUDENT ACHIEVEMENTS

The College operates out of six centres across the Northwest of England.

The main centre is in Bilsborrow, Preston with curriculum offered from Entry levels through to Masters in land-based, science, engineering and sports education. This centre offers residential accommodation for both 16-18 and 19+ students.

The second largest campus is in Croxteth Park, Liverpool where Myerscough College is the only land-based provider in the city.

The College also has campuses offering Animal Studies, Horticulture and Foundation Learning in Walton Hall, Warrington and Witton Park in Blackburn. The Liverpool, Blackburn and Warrington centres all aim to widen participation and access to land-based education in deprived communities.

The College has a specialist Cricket Academy established within the grounds of Lancashire Cricket Club, in response to their request to develop county youth cricket in partnership with them.

The College began working in partnership with Furness College in 2020/21 to deliver Animal Studies provision and, in September 2021, the College began a partnership with Ullswater Community College in Penrith, Cumbria for the delivery of the land-based curriculum for Further Education and Skills across Cumbria. Myerscough College has stepped into delivery in Cumbria in response to the county's request for support following the closure of the only specialist land-based provision in the county at Newton Rigg College. The College is delivering Apprenticeships in Agriculture and other subjects throughout the county.

The student numbers during 2022-23 were:

16-19	1,888	41%
Apprenticeships	1,230	26%
Adults	824	18%
HE Full Time	383	8%
HE Part Time	336	7%
Total	4,661	100%

The College has high quality specialist resources, which are utilised for the benefit of students at every level from pre-entry to postgraduate, employers, the wider sector and local communities. As well as providing good educational opportunities, the College also provides a range of commercial services including international equine arenas, a nine-hole golf course, a garden centre and café and excellent sports facilities.

The specialist nature of provision means the recruitment pattern is wide and extensive and designed to meet land-based, science, engineering and sports national skills requirements, as well as more localised skills shortages. The College offers national provision in its apprenticeship delivery.

The College is:

- A specialist provider in the land based, science, engineering and sports sectors, meeting skills needs in Lancashire, Cumbria and nationally
- The largest provider of Sportsturf qualifications nationally and in Europe
- One of only three Colleges nationally delivering apprenticeships in Farriery

- Offering the only Masters qualification in Arboriculture & Urban Forestry in the world
- The only College worldwide to offer a degree in Farriery
- Home to the Northwest Stages Rally with the Motorsports team achieving success at this and many other events
- Crowned as AoC Sport Regional Champions as the most successful Sport College in the Northwest for all the sport leagues and competitions in 2022/23
- Basketball AoC National Champions 2022/23
- Intercollegiate Tour 22/23 North Region Gross Team Winners
- Proud to have students playing for county and national teams in Basketball, Rugby, Cricket, Football and Golf
- Proud to have gained STEM Assured status in 2021/22

The College has excellent external validation for the quality of its provision:

- The Ofsted Residential Inspection against the Social Care Common Inspection Framework (SCCIF) from 28th February to 2nd March 2022 rated the College 'Good' overall, with 'Outstanding' for 'how well young people are helped and protected
- The College achieved all eight Gatsby benchmarks September 2019 and is regularly re-assessed to maintain this status
- The College achieved Matrix re-accreditation in December 2020
- The College hosted a successful visit by the Farriers Registration Council, who validation the College's continuation as a training provider, in March 2023

The College is proud of its success in winning awards and competitions, recent awards won by the College are:

- Further Education College of the Year in the Educate North Awards (April 2022)
- Agriculture, Environmental and Animal Care Apprenticeship Provider of the Year (2021, 2022, 2023)
- Winner of the Construction Plant Hire Association College of the Year
- A Cumbria student was finalist in the category of Agriculture Student of the Year
- Three Myerscough College apprentices were finalists in the Association of Professional Landscapers (APL) 2023 WorldSkills Landscape Gardening Competition

The College were finalists for the:

- AAC National Apprenticeship Provider of the Year
- BIBAs Education Establishment of the Year

Ofsted carried out a full inspection of the College's Further Education and Apprenticeship provision in November 2023, the Inspection Report will be published at the end of December 2023.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 01 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. The College produces one payment run per week, all authorised invoices are paid in the next available run. The College has incurred no interest charges in respect of late payment for this period.

EQUALITY AND DIVERSITY

Equality

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage, and we will actively combat bigotry. This policy is resourced, implemented, and monitored on a planned basis. The college's Equality Policy is published on the college's Intranet site.

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

The college is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. 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.

The College was re- accredited with Leaders in Diversity in July 2021.

Disability statement

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

i. An Admissions & Support Advisory Panel is in place to review applications with disclosures relating to a complex disability, learning difficulty or where exceptional support is required. The Panel also reviews support arrangements arising for existing students throughout the year. An appeals process is in place.
ii. A Head of Inclusive Learning is in post to coordinate additional learning support provision for students with learning difficulties and disabilities.
iii. A continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
iv. The Myerscough Code is in place to raise awareness of the standards expected by staff and students at the College.
v. An Equality, Diversity and Inclusion Policy is in place.
vi. The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning.
vii. Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Gender pay gap reporting

The College publishes its Gender Pay Gap Report on the College website.

myerscough-gender-pay-report-march-2023.pdf

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.

Numbers of employees who were relevant period	FTE employee number
1	0.25

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

Total cost of facility time	£928
Total pay bill	£20,700,533
Percentage of total bill spent on facility time	0.004%

Time spent on paid trade union activities as a percentage of total paid facility time	100%

GOING CONCERN

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

The college currently has £5.612m of loans outstanding with the NatWest Bank. The College has two loans totalling £3m which become repayable in September 2025 and June 2026. The College has set aside £3m to repay these loans. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

Consequently, the Corporation is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared these statements on a going concern basis.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

aJ Foster

A Foster
Chairman to the Corporation

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 1st August 2022 to 31st July 2023 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

i. in accordance with the ten principles previously agreed by the College. These build on the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) which have been expanded by amalgamating honesty and integrity and adding respect for others, personal judgement, stewardship and duty to uphold the law;
ii. in full accordance with the guidance to colleges from the Association of Colleges in the Code of Good Governance for English Colleges(“the Code”) formally adopted in July 2015 and subsequently updated versions, including the Colleges’ Senior Postholder Remuneration Code; and
iii. having due regard to the UK Corporate Governance Code insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our corporate governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

The Governing body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011 and listed below, confirm that they have had due regard for the Charity Commission’s guidance on public benefit and that the required statements appear elsewhere in these financial statements. The College has also taken recognisance of the Charity Governance Code of 2020.

In the opinion of the Governors, the College complies with/exceeds all the provisions of the Code, and it has complied throughout the year ended 31 July 2023. This opinion is based on an internal review of compliance with the Code Arrangements are in hand for an Independent Board Review during the early part of 2024. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in 2023, which it formally adopted on date 12 December 2023.

The Corporation

The Corporation conducts its business through a number of committees and each has terms of reference that have been approved by the full Corporation.

COMMITTEES

The Committees in 2021/22 were as follows:

Audit & Governance Committee	=	A&G
Appeals Committee	=	APPEALS (not met during 2021/2022)
Finance & Resources Committee	=	F&R
Nominations Committee	=	NOM
Quality & Standards Committee	=	Q&S
Remuneration Committee	=	REM

Following a review in March 2014, the Corporation agreed not to fill current and anticipated vacancies thus reducing the number of Independent Governors from fifteen down to twelve. No changes were made to the number of staff or student representatives.

Corporation Members

Members who served on the Corporation during the year and up to the date that this report was signed, together with details of the Committees upon which they served, and their attendance thereat was as follows:

MEMBER	DATE of APPOINTMENT	TERM of OFFICE	DATE of RESIGNATION	STATUS of APPOINTMENT	COMMITTEES SERVED and ATTENDANCE No / out of	CORPORATION MEETINGS ATTENDED No / out of
Rafik Adam	15/12/2020	4	21/09/2022	INDEPENDENT	F&R 1/1	-
Louise BELL	01/04/2019	4	31/03/2023	TEACHING STAFF	Q&S 2/2	3/5
Jane BOOKER	01/01/2015	12	-	INDEPENDENT	A&G 3/3 Q&S 3/3 REM 1/2 NOM 2/2	8/8
Kevin BURKE	01/01/2020	4	14/06/2023	INDEPENDENT	Q&S 1/3	1/8
Matthew CHESTERMAN		2	-	STUDENT	Q&S 2/3	7/8
Debbie CLAYTON	01/04/2018	8	-	SUPPORT STAFF	A&G 3/3	7/8
Sue COLLINGE	01/03/2020	4		INDEPENDENT	F&R 4/4 REM 1/2 NOM 2/2	6/8
Allan FOSTER	01/10/2012	12	-	INDEPENDENT	F&R 4/4 REM 2/2 NOM 2/2	7/8
Barbara GODBY	01/01/2019	8	-	INDEPENDENT	A&G 3/3 Q/S 3/3	7/8
David HALL	01/04/2017	8	-	INDEPENDENT	F&R 3/4	7/8
Wiliam HODGES				STUDENT	A&G 2/2	
Clair	01/11/2019	4	31/08/2023	INDEPENDENT	F&R 3/4	5/8

MEMBER	DATE of APPOINTMENT	TERM of OFFICE	DATE of RESIGNATION	STATUS of APPOINTMENT	COMMITTEES SERVED and ATTENDANCE No / out of	CORPORATION MEETINGS ATTENDED No / out of
JAMES						
Wes JOHNSON	01/09/2023	N/A	-	PRINCIPAL		
Andrew MASSEY	01/04/23	4		TEACHING STAFF	Q&S 1/1	3/3
Robin NEWTON-SYMS	01/01/2020	4	-	INDEPENDENT	A&G 3/3	6/8
Alison ROBINSON	01/04/2018	N/A	13/08/2023	PRINCIPAL	F&R 3/4 Q&S 3/3	7/8
Katheryn TOWNSLEY	01/06/2022	4	-	INDEPENDENT	Q&S 3/3	6/8
Rob WALLACE	01/01/2020	4	-	INDEPENDENT	A&G 3/3 NOM 1/2	6/8
Rosie BRYSON	01/06/2022	1	10/11/2023	CO-OPTED	F&R 2/4	-
Ron MATTHEWS, Clerk to the Corporation.						19/19

The average attendance for all meetings combined was 80%.

The composition of the Corporation is set out on page 20-21. It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation will continue to bring added value to the social, physical and economic well-being of the various communities served by the College by striving to become the leading provider of education in the land-based and sports sectors and the natural choice for industrial partners and students who aspire to succeed.

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 and human resources related matters such as health and safety and environmental issues. The Corporation meets a minimum of four times per year.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. In 2022/23 these committees were Audit & Governance, Finance & Resources, Quality & Standards, Nomination, Remuneration and Appeals. Appeals Committee did not meet during the year. Full minutes of all meetings, except those deemed to be confidential or strictly confidential by the Corporation, are available online at www.myerscough.ac.uk or from the Clerk to the Corporation at:

Myerscough College
Bilsborrow
Preston
PR3 0RY

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

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

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Corporation meetings using e-governance and a Governor's Portal. Briefings are also provided on an ad-hoc basis.

From March 2020 all meetings were held via video conference due to the Covid Pandemic. In September 2021 the Corporation agreed to continue holding Committee meetings by video conference but to hold the Corporation meetings in person at the College. In December 2021 the Corporation agreed that Committees could decide if they wished to hold meetings in person or via video conference whilst it was agreed that Corporation meetings would remain be held in person at the College. However, provision remains to access Corporation meetings remotely should a Governors be unable to attend in person.

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. In addition no one Governor has significant influence over the College and the Chair and Vice Chair of Corporation and the Committee Chairs fulfil their respective roles responsibly.

There is a clear division of responsibility in that the roles of the Chair of the Corporation and the Chief Executive and Principal are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has an Audit & Governance Committee which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. This is in line with the agreed Governor Recruitment Policy.

Members of the Corporation are appointed for a term of office not exceeding four years. However, they are eligible for re-election for a further term of four years. Those Governors who serve or have served as either Chair or Vice Chair of the Corporation are eligible to serve for a third term.

Corporation Performance

The Corporation undertakes an annual Governance Self-Assessment Process which feeds into the overall College Self-Assessment Report both of which are included in agendas in the autumn term. Individual reviews of the Corporation and Committee meetings are undertaken during the summer cycle which also includes a review of the performance of each individual Chair.

Following the self-assessment for 2022/2023 the Corporation graded itself as 'Good' on the Ofsted scale. Ofsted carried out a full inspection of the College's Further Education and Apprenticeship provision in November 2023, the Inspection Report will be published in December 2023.

Arrangements are in hand for an Independent Board Review during the early part of 2024.

Remuneration Committee

The Committee comprises a total of five Governors made up from the Chair and Vice Chair of the Corporation and the three other Committee Chairs, some of whom are involved in the appraisal process. The Vice Chair of the Corporation was also a Committee Chair and therefore the membership was four. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Senior Post Holders, currently the Principal, the Clerk to the Corporation, the Vice Principal and Deputy Chief Executive, the Deputy Principal, Finance and Corporate Services and the Deputy Principal, Resources.

The College has adopted the AoC's Senior Staff Remuneration Code and this is published on the College's website.

Details of remuneration for the year ended 31st July 2023 is set out in note 8 to the financial statements.

College Principal

The College Principal, Alison Robinson, resigned her position in February 2023 and left her post on 13 August 2023. The Vice-Principal and Deputy Chief Executive, Steven Downham Clarke, was appointed Interim Principal for the period 14 August to 31 August 2023. Wes Johnson took up the permanent role of Principal and Chief Executive with effect from 1 September 2023.

Clerk to the Corporation

As stressed by the Education and Skills Funding Agency the role of Clerk/Governance Professional has expanded significantly, to the point where they play a critical role as a technical adviser and strategic enabler to boards and a key source of advice.

Corporations must ensure that the holder of the post has an appropriate qualification or level of experience. The current Clerk is qualified to the equivalent of ICSA and has many years of experience in a governance role.

He undertakes appropriate training to keep abreast of current developments, is regular attender at the AoC North West Clerks Network, was one of ten Reviewers nationally who undertook a number of pilot Board Reviews on behalf of the ETF/AoC in 2021 and was a member of the Working Group developing the Governance Professionals programme of learning and support. He was also a former National Leader of Governance when the process was managed by the AoC. The Clerk, together with an existing Governor has been appointed to the Panel of Reviewers utilised by the AoC to undertake Board Reviews as part of their commercial operation. He has currently completed two Board Reviews for AoC and is programme to undertakes further reviews in 2024.

He is also required to undertake appropriate training in College as directed by the CPD Policy Unit. The Clerk is also a Primary School Governor.

Governor Training

Appropriate training is arranged for Governors each year by way of on-line training activities and at least one full day and separate half day Strategic Training Event. Other ad hoc training take place as and when required prior to Governor Meetings. All Governors have completed on-line Safeguarding and Prevent training. A training session is held each year to update Governors on Safeguarding developments together with a training session each November on the draft College Self-Assessment Report. Sessions are also programme every two years on Equality and Diversity and Health and Safety.

The College also operates a Governor Engagement Programme were various events in College such as SAR Validations, Student Committee meetings etc. are circulated to Governors allowing a small number to attend as observers.

A number of Governors have also attended various AoC conferences and the Chair of Corporation actively engages with the North West Principals and Chairs group and on-line at various AoC events.

Board Review

The Corporation is aware of the requirement in the Skills for Jobs Act for an Independent External Board Review, at least every three years. Arrangements are in hand for an independent review to take place in the early part of 2024.

Audit & Governance Committee

The Audit & Governance Committee comprises of six members of the Corporation (excluding the Principal and Chair of the Corporation). The Committee operates in accordance with written terms of reference approved by the Corporation. The Post 16 Audit Code of Practice 2017–2018 stated that staff and student Governors should not serve on an Audit Committee.

The College originally complied with this requirement but following a review of committee membership in February 2020 reverted to their inclusion from the summer cycle of meetings. The Corporation believes that the Committee benefits from their appointments and there are appropriate safeguards in place to ensure that there is no conflict of interest.

The Audit & Governance Committee meets up to four times per year and provides a forum for reporting by the College’s internal, and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee receives and considers reports from the relevant funding agencies as they affect the College’s business. The Committee is also responsible, as outlined in their Terms of Reference, for the majority of the search functions formally the responsibility of the former Search and Governance Committee.

The College's internal auditors, Tiaa, 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 & Governance Committee. These reports are outlined each year in the annual report of the Committee to the College Principal and Corporation

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

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

The Committee has responsibility for elements of the Governance Framework.

It will advise Corporation on the appointment and reappointment of Members of the Corporation including:

- to advise the Corporation on such matters relating to membership and appointments as the Corporation may remit;
- to evaluate the contribution made by existing individual Members before proposing any re-appointment to the Corporation;
- to monitor the skills and experience of Corporation Members to identify desired areas of expertise to be sought in the appointment of new Members;
- to determine and monitor the Corporation Member Training and Development Policy;
- to advise the Corporation on the appointment of co-opted non-Corporation members to Corporation Committees.

The Audit and Governance Committee advises the Corporation on governance issues including the annual self-assessment of Governance and monitoring the associated action plans; Corporation and Committee structure and Members; Standing Orders and the Code of Conduct.

The audit committee met 3 times in the year to 31 July 2023. The members of the committee and their attendance records are show below.

Committee Member	Attendance
Jane Booker	3
Debbie Clayton	3
Barbara Godby	3
William Hodges	2
Robin Newton-Syms	3
Rob Wallace	3

Finance and Resources Committee

The Finance and Resources Committee comprises of seven members including the Chair of Corporation, the Principal and a co-opted member. The Finance and Resources Committee normally meets four times a year and formulate guidelines for (and advises the Corporation on) its oversight of the discharge of the Corporation's responsibilities for the proper management of the resources and assets of the College.

It is the responsibility of the Committee to make recommendations to the Corporation on the strategy for:

- Financial management;
- Annual estimates of income and expenditure;
- Fees and charges;
- Conditions of service (except for those of the Senior Post Holders);
- All human resources matters excluding those for Senior Post Holders;
- Health and safety;
- Sustainability

The Committee also monitors the achievement of financial performance indicators and the financial element of the Risk Register and advises the Corporation accordingly.

It considers monthly management accounts; annual financial statements; and budgets and financial regulations prior to their recommendation for Corporation approval.

Quality and Standards Committee

The Quality and Standards Committee comprises of eight members including the Principal. The Committee normally meets three times a year, once per College term.

It is the responsibility of the Committee to monitor and review the quality and performance of education at the College.

Subject to the responsibilities of the Corporation and the Principal and those functions delegated with the approved Corporation Scheme of Delegation the responsibility of the Committee shall be:

To make recommendations to the Corporation on:

- any matters from those listed below where the standard or performance of the College has fallen below that expected.

- the development, monitoring and review of the progress of the College’s Quality Strategy for improving academic standards and the quality of teaching and learning;

- to contribute to the setting of educational performance indicators for the College and to monitor and assess performance with particular emphasis on recruitment, retention and achievement (success rate) targets;

- to consider reports on the College's academic performance;

- to approve the College’s Quality Improvement Plan and to monitor its implementation;

- to review and monitor the implementation of the Learner Involvement Strategy;

- any other matters specifically referred to the Committee by the Corporation.

- all matters relating to the Safeguarding of students, staff and visitors at the College.

External Financial Statements Auditors

The post 16 Audit Code of Practice 20221-2023 required Colleges to ensure the contract of the provision of External Financial Statements Audit services is be put out to tender at least once every five years. The College sought tenders for the provision of the service at the conclusion of the current contract which expired with the completion of the audit of the accounts for 2021/2022. This ensured that an External Financial Statement Auditors were in place beyond 31 July 2022 whilst the accounts for that years were still being completed.

Internal Control

Scope of Responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Chief 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 in accordance with the responsibilities assigned to him/her in the Financial Agreements between Myerscough College and the funding bodies.

The Principal is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve all policies, aims and objectives; it is therefore only 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 Myerscough College for the year ended 31st July 2023 and up to the date of the approval of the annual report and accounts.

Capacity to handle risk

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

The risk and control framework

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

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

Myerscough College has an internal audit service, which operates in accordance with the Education and Skills Funding Agency *Post-16 Audit Code of Practice 2022/2023*. Due to a change in regulations the College was required to change the internal audit provider being from the same company of the external audit provider. Following a competitive tender process Tiaa were appointed internal auditor from 1 August 2020. 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 internal audit plans are endorsed by the Corporation on the recommendation of the Audit & Governance Committee. The Internal Auditors undertake three visits per annum and reports to the Audit & Governance Committee. The report includes independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Responsibilities under funding agreements

The Department for Education and Education and Skills Funding Agency introduced new controls for the college on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. The college has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required. The DFE has issued borrowing guidance, there is an expectation from DfE that colleges will continue to repay existing debt to maturity. The College has 2 loans that will need to be refinanced in 2025/26 and has set £3m aside to do this. The College will comply with the DFE guidance.

Statement from the audit committee

The audit committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place.

The specific areas of work undertaken by the audit committee in 2022/3 and up to the date of the approval of the financial statements are identified in the Annual Audit & Governance report to Corporation & Accounting Officer.

Review of effectiveness

As Chief Accounting Officer, the Principal, 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 internal auditors;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework;
- comments made by the College's financial statements auditors in their management letters and other reports.

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

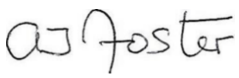
The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within all areas of the College and reinforced by risk awareness training. The Senior Management Team and the Audit & Governance Committee also receive regular reports from internal audit, and other sources of assurance, which include recommendations for improvement. The Audit & Governance Committee's role in this area is confined to a high level review of the arrangements for internal control. The Corporation and Committee agendas include a regular item for consideration of relevant risk and control and receives reports thereon from the Senior Management Team and the Audit & Governance Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2023 meeting, the Corporation carried out the annual assessment for the year ended 31st July 2023 by considering documentation from the Senior Management Team and internal audit, and taking into account any events since 31st July 2023.

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

Going Concern

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.

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

A Foster **Chair to the Corporation**	**P W Johnson** **Chief Executive and Principal** **Chief Accounting Officer**
	
Date: 12 December 2023	**Date: 12 December 2023**

Corporation Statement on the College's regularity, propriety and compliance

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

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

I confirm that no instances of material irregularity, impropriety, funding noncompliance, 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.

P W Johnson
Chief Executive and Principal

Chief Accounting Officer

Date:12 December 2023

Statement of the chair of governors

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

aJ Foster

A Foster

Chair of Governors

Date: 12 December 2023

Statement of Responsibilities of the Members of the Corporation

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

The law applicable to charities in England and the terms and conditions of the Corporation's grant funding agreement and contracts with Education and Skills Funding Agency (ESFA) and any 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 College for that period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction, Accounts Direction issued by the Office for Students and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards.

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

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

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities following the reclassification of college corporations on 29 November 2022. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk. They are also responsible for ensuring funds from Office for Students or other sources are properly applied for the purposes for which they have been given and in accordance with relevant legislation or terms and conditions attached to them.

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

aJ Foster

A Foster
Chair to the Corporation
Date: 12 December 2023

INDEPENDENT AUDITORS REPORT TO THE CORPORATION OF MYERSCOUGH COLLEGE

Opinion

We have audited the financial statements of Myerscough College (the "College") for the year ended 31 July 2023 which comprise the college statement of comprehensive income, the college balance sheet, the college statement of changes in reserves, the college statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2023 and of the College's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

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

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

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

- the College's grant and fee income, as disclosed in the note 2, 3 and 4 to the accounts, has been materially misstated.
- The College's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Corporation of Myerscough College

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 19 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

The audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and inspecting funding agreements and allocations.

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 19 November 2021. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Bluebell House
Brian Johnson Way
PR2 5PE

Date: 15/12/23

Myerscough College
Statement of Comprehensive Income
for the year ended 31 July 2023

	Notes	2023	2022
		£	£
INCOME			
Funding body grants	3	22,841,025	21,130,563
Tuition fees and education contracts	4	6,551,676	7,417,344
Other grants and contracts	5	929,646	879,691
Other income	6	6,549,706	5,932,049
Endowment and investment income	7	248,276	14,141
Total income		**37,120,329**	**35,373,788**
EXPENDITURE			
Staff costs	8	22,129,218	22,079,079
Fundamental restructuring costs	8	173,847	18,247
Other operating expenses	9	11,620,815	10,792,479
Depreciation	11	2,438,122	2,290,566
Interest and other finance costs	10	420,985	616,652
Total expenditure		**36,782,987**	**35,797,023**
Surplus / (Deficit) before other gains and losses		**337,342**	**(423,235)**
(Loss) / Gain on disposal of assets	9	(58 387)	36 865
Surplus / (Deficit) for the year		**278,955**	**(386,370)**
Actuarial gain / (loss) in respect of pensions schemes		4,240,000	24,383,000
Total Comprehensive Income for the year		**4,518,955**	**23,996,630**
Represented by:			
Unrestricted comprehensive income		**4,519,221**	**23,995,032**
Restricted comprehensive income		**(266)**	**1,598**
		4,518,955	**23,996,630**

This table does not form part of the statutory financial statements

(Deficit) before other gains and losses	337,342	(423,235)
Add defined benefit pension obligations	734,000	2,177,000
Adjusted operating surplus	1,071,342	1,753,765

Myerscough College
Balance sheet as at 31 July 2023

	Notes	2023 £	2022 £
Fixed assets			
Tangible fixed assets	11	52,704,467	51,545,573
		52,704,467	**51,545,573**
Current assets			
Stocks	13	916,221	898,411
Debtors	14	2,029,864	1,846,547
Cash and cash equivalents	20	15,059,556	13,190,868
		18,005,641	**15,935,826**
Less: Creditors – amounts falling due within one year	15	(10,339,284)	(7,723,521)
Net current assets		**7,666,357**	**8,212,305**
Total assets less current liabilities		**60,370,824**	**59,757,878**
Less: Creditors – amounts falling due after more than one year	16	(15,263,819)	(15,663,829)
Provisions			
Defined benefit obligations	18	-	(3,506,000)
Total net assets		**45,107,005**	**40,588,049**
Unrestricted reserves			
Income and expenditure account		42,605,658	37,921,438
Revaluation reserve		2,473,459	2,638,457
Total unrestricted reserves		**45,079,117**	**40,559,895**
Restricted Reserve		27,887	28,153
Total Reserves		**45,107,004**	**40,588,048**

The financial statements on pages 38 to 65 were approved and authorised for issue by the Corporation on 12 December 2023 and were signed on its behalf on that date by:

A Foster
Chairman to the Corporation

P W Johnson
Accounting Officer
Chief Executive & Principal

Myerscough College
Statement of Changes in Reserves
for the year ended 31 July 2023

	Income and Expenditure account	Revaluation Reserve	Restricted Reserve	Total
	£	£	£	£
Balance at 1st August 2021	13,832,647	2,732,216	26,555	16,591,418
Surplus from the income and expenditure account	(386,370)	-		(386,370)
Other comprehensive income - pension charge	24,383,000	-		24,383,000
Transfers between revaluation and income and expenditure reserves	93,759	(93,759)		-
Transfers between restricted and income and expenditure reserves	(1,598)		1,598	-
Total comprehensive income for the year	24,088,791	(93,759)	1,598	23,996,630
Balance at 31st July 2022	37,921,438	2,638,457	28,153	40,588,048
Deficit from the income and expenditure account	278,955	-		278,955
Other comprehensive income - pension charge	4,240,000	-		4,240,000
Transfers between revaluation and income and expenditure reserves	164,998	(164,998)		-
Transfers between restricted and income and expenditure reserves	266		(266)	-
Total comprehensive income for the year	4,684,219	(164,998)	(266)	4,518,955
Balance at 31st July 2023	**42,605,658**	**2,473,459**	**27,887**	**45,107,004**

Myerscough College
Statement of Cash Flows
for the year ended 31 July 2023

	Notes	2023	2022
		£	£
Cash inflow from operating activities			
Surplus / (Deficit) for the year		278,955	(386,370)
Depreciation		2,438,122	2,290,566
(Increase)/ decrease in stocks		(17,810)	(64,384)
(Increase) / Decrease in debtors		(163,233)	315,614
Increase / (Drecrease) in creditors		2,217,806	(463,226)
Pensions costs less contributions payable		734,000	2,177,000
Investment income		(248,276)	(14,141)
Interest payable		322,985	216,652
Loss / (Profit) on sale of fixed assets		58,387	(36,865)
Net cash flow from operating activities		**5,620,936**	**4,034,846**
Cash flows from investing activities			
Proceeds from sale of fixed assets		76,459	39,678
Investment income		228,222	14,024
Payments made to acquire fixed assets		(3,533,470)	(2,423,724)
Capital grants received		558,809	739,455
Net cash flow from investing activities		(2,669,980)	(1,630,567)
Cash flows from financing activities			
Interest paid		(312,839)	(215,662)
Interest element of finance lease rental payments		-	-
New loans		-	-
Repayments of amounts borrowed		(769,429)	(740,097)
Repayments of obligations under finance leases		-	(12,032)
Net cash flow from financing activities		(1,082,268)	(967,791)
Increase in cash and cash equivalents in the year		**1,868,688**	**1,436,488**
Cash and cash equivalents at beginning of the year	19	13,190,868	11,754,380
Cash and cash equivalents at end of the year	19	15,059,556	13,190,868

1 ACCOUNTING POLICIES

General information
Myerscough College is a corporation established under the Further and Higher Education Act 1992 as an English specialist land-based and sports college of further education. The address of the College's principal place of business is given on page 22. The nature of the College's operations are set out in Strategic Report.

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 accounting

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2022 to 2023 and Regulatory Advice 9: Accounts Direction issued by the Office for Students* and in accordance with Financial Reporting Standard 102 – *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"* (FRS 102). 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.

The financial statements are prepared in accordance with the historical cost convention modified by the use of previous valuations as deemed cost at transition for certain non-current assets. The financial statements are presented in sterling which is the functional currency of the College. Monetary amounts in these financial statements are rounded to the nearest £, except where otherwise stated.

Going Concern
The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members report. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying notes. The College currently has £5.6m of loans outstanding with bankers on terms negotiated in 2005, 2011, 2017 & 2018. The terms of the existing agreements are for 18-20 years. The LIBOR (London Interbank Offered Rate) index, used to determine the interest rate charged for some adjustable-rate loans, ceased to be available after December 2021. Regulators instructed banks to stop using Libor by this date. This affected loans, lines of credit and any contracts that use or reference this index. The College has a number of loans held with the NatWest bank and on 28 September 2021 the Chair signed revised Loan Agreements changing the interest calculation basis to Sterling Overnight Index Average (SONIA). Neither the College nor the Bank should be at a disadvantage following the change.

The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future. Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements. The College continues to have a strong cash position with a year-end cash balance of £15.060m

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from OFS represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account.

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

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

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in 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.

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 and apprenticeship employer incentive payments. Related payments received from the funding bodies and subsequent disbursements to students / employer 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. See note 25.

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.

Lancashire Local Government Pension Scheme (LGPS)

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

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 other comprehensive income.

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.

Tangible fixed assets

Land and buildings
Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since 1996 are included in the balance sheet at cost. Freehold land is not depreciated as it is considered to have an infinite life. Freehold buildings are depreciated over their expected useful economic life to the college of between 20 and 50 years. Long leasehold land is depreciated over the life of the lease (99 years). The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years. Leasehold land and buildings are depreciated over the life of the lease. Where parts of fixed assets have different useful lives, they are accounted for as separate items of fixed assets.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

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

Where carrying value is found to be more than recoverable value, an impairment loss is recognised to write down the asset to its recoverable value. Impairment losses are recognised in the Income and Expenditure account in the period in which they are incurred.

On adoption of FRS102, the college followed the transitional provision to retain the book value of land and buildings 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 31st July. They are not depreciated until they are brought into use.

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

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

Where land and buildings are used, but the legal rights are held by a third party, for example a charitable trust, they are only capitalised if the College has rights or access to ongoing future economic benefit. These assets are then depreciated over their expected useful economic life.

Equipment
Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

Depreciation and Residual Values
All assets are depreciated on a straight-line basis over their useful economic life as follows:

Infrastructure	5%
Motor Vehicles	20%
Fixtures and fittings	10%
Teaching equipment	10%
Kitchen equipment	10%
Computer equipment	33⅓% / 50%
Plant and Machinery	10% / 20%
Special Teaching equipment	20%

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.
Subsequent costs, including replacement parts, are only capitalised when it is probable that such costs will generate future economic benefits. Any replaced parts are then derecognised. All other costs of repairs and maintenance are expenses as incurred.

Leased assets
Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure.

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
Fixed asset investments are carried at historical cost less any provision for impairment in their value.

Stocks
Farm stocks are valued by an external value in accordance with the current RCIS Valuation Standards (Global and UK) and also in accordance with Central Association of Agricultural Valuers 'Guidance Notes on Agricultural Stock Valuations for Tax Purposes', HMRC Help sheet HS232 'Farm Stock Valuation' (previously BEN 19) and the FRS102 section 34. Stocks have been valued at cost or, if lower, net realisable value, deemed cost has been used where actual cost is not accurately ascertainable. Any increase or decrease in the value of farm or shop stock is written off to income and expenditure account in the period to which it relates.

Raw materials and goods for resale are stated at the lower of their cost and net realisable value.

Cash and cash equivalents

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

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

Financial liabilities and equity

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

All loans, investments and short term deposits held by the Group 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.

Foreign currency translation
Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period.

Maintenance of premises
The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred. The College has adopted the provisions of FRS102 section 21 and only makes a provision where there is a legal or constructive obligation to transfer economic benefit as a result of past events.

Taxation
The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

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

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit obligation 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 24, will impact the carrying amount of the pension obligation. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions obligation at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension obligation.

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

Financial Instruments
The College has chosen to adopt Sections 11 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provisions of the instrument.

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 financial assets and liabilities are initially measured at transaction price (including transaction costs).

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3 Funding body grants

	Year Ended 31 July 2023 £	Year Ended 31 July 2022 £
Recurrent grants		
Education and Skills Funding Agency - adult	419,948	435,441
Education and Skills Funding Agency - 16-18	15,331,107	14,725,338
Education and Skills Funding Agency - apprenticeships	4,317,468	3,236,810
Education and Skills Funding Agency - other	51,103	401,543
Education and Skills Funding Agency - Teachers Pension Scheme Grant	588,439	490,935
Devolved authority AEB	923,273	724,187
Office for Students	826,006	905,137
Specific Grants		
Release of government capital grants	383,681	211,172
Total	**22,841,025**	**21,130,563**

4 Tuition fees and education contracts

	Year Ended 31 July 2023 £	Year Ended 31 July 2022 £
Adult education fees	63,456	140,614
Apprenticeship fees and contracts	59,447	68,707
Fees for FE loan supported courses	253,988	352,804
Fees for HE loan supported courses	4,335,779	5,141,672
International students fees	304,432	278,831
Total tuition fees	5,017,102	5,982,628
Other contracts (including indirect funding from the funding bodies)	1,534,574	1,434,716
Total Educational Contracts	1,534,574	1,434,716
Total	**6,551,676**	**7,417,344**

5 Other grants and contracts

	Year Ended 31 July 2023 £	Year Ended 31 July 2022 £
European Commission	210,938	179,627
Other Funds	322,759	22,850
Other grants and contracts	264,124	478,809
Releases of non funding body government capital grants	131,825	198,405
Total	**929,646**	**879,691**

5A Total grant and fee income

	Year Ended 31 July 2023 £	Year Ended 31 July 2022 £
Grant income from OfS	826,006	905,137
Grant income from other bodies	22,015,019	20,225,426
Total grants	**22,841,025**	**21,130,563**
Fee income from taught awards	4,335,779	5,141,672
Fee income from non-qualifying courses	2,215,897	2,275,672
Total tuition fees and educational contracts	**6,551,676**	**7,417,344**
Total grant & fee income	**29,392,701**	**28,547,907**

6 Other income

	Year Ended 31 July 2023 £	Year Ended 31 July 2022 £
Catering and residences	3,114,965	2,832,922
Other income generating activities	1,616,276	1,626,144
Farming activities	1,390,138	1,072,141
Full cost courses	369,409	352,222
Other income	58,918	48,620
Total	**6,549,706**	**5,932,049**

7 Investment income

	Year Ended 31 July 2023 £	Year Ended 31 July 2022 £
Other interest receivable	248,276	14,141

8 Staff costs

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

	Year Ended 31 July 2023	Year Ended 31 July 2022
Teaching staff	521	553
Non teaching staff	297	305
	818	**858**

Staff costs for the above persons

	Year Ended 31 July 2023	Year Ended 31 July 2022
Wages and salaries	15,632,465	15,085,891
Social security costs	1,339,518	1,262,073
Other pension costs (including FRS102 Adjustments of a £636k charge (2021/22 £1,777k charge) see note 25	3,728,550	4,782,703
Payroll sub total	**20,700,533**	**21,130,667**
Contracted out staffing services	1,428,685	948,412
	22,129,218	**22,079,079**
Fundamental restructuring costs - contractual	153,678	18,247
- non contractual	20,169	-
	22,303,065	**22,097,326**

Severance payments

The College paid 11 severance payments in year, disclosed in the following bands

£0 - £25,000	11
£25,001 - £50,000	-
£50,001 - £100,000	-
£100,000 - £150,000	-
£150,001 +	-

Included in staff restructuring costs are special severance payments totalling £20,169 (2022- £nil). Individually, the payments were: £2,528, £2,733, £2,727, £2,733, £2,733 £3,358 and £3,358.

8 Staff costs - continued

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team which comprises the Principal, Vice Principal , Deputy Principal Finance and Corporate Services and Deputy Principal Resources.

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

	2023 No.	2022 No.
The number of key management personnel including the Accounting Officer was:	4	4

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:

	Other Staff	
	2023 No.	**2022 No.**
£ 60,001 to £ 65,000	1	-
£85,001 to £90,000	-	-
£115,001 to £120,000	-	-
£145,001 to £150,000	-	-
	1	**0**

Key management personnel emoluments, including the Accounting Officer is made up as follows:	Year Ended 31 July 2023	Year Ended 31 July 2022
	£	£
Basic salary	416,573	410,839
Benefits in kind	989	892
Employers national insurance contributions	52,744	53,356
	470,306	**465,087**
Pension contributions	91,575	91,741
Total key management personnel	**561,881**	**556,828**

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

	Year Ended 31 July 2023	Year Ended 31 July 2022
	£	£
Basic salary	147,735	145,907
Benefits in kind	-	-
Employers national insurance contributions	19,664	19,481
	167,399	165,388
Pension contributions	34,984	34,551

8 Staff costs - continued

The remuneration of the Accounting Officer for 2022-23 was determined on 28 June 2023 by the College's Remuneration Committee. The Accounting Officer was not involved in setting their remuneration. The factors taken into account by the Committee in determining the Accounting Officer's remuneration for the year to 31 July 2023 (and the other Senior Postholders) included: performance against personal objectives as judged via her appraisal by the Chair and Vice Chair of Corporation (or the Chair of the relevant Committee in the case of the other Senior Postholders); pay increases for other staff; performance of the organisation; sector data on pay of Accounting Officers and benchmarking or other means of comparison to the broader market.

The College pay strategy was implemented from 1 August 2021, for each salary grade a five point benchmarked pay band was introduced. The Senior Postholders salaries were reviewed in line with all College employees, five point pay bands were introduced based on AOC benchmarking, this was approved on 6 July 2021. On 25 April 20231 the Corporation agreed to a half incremental pay award for relevant staff, effective from 1 April 2023, excluding the Senior Postholders pending consideration by the Remuneration Committee. At their meeting on 28 June 2023 the Remuneration Committee agreed that the Senior Postholder should also receive the half incremental pay award effective from 1 April 2023 in line with all other staff.
The College has adopted the AoC's Colleges Senior Staff Remuneration Code and is aware of the requirements contained in the Higher Education Senior Staff Remuneration Code issued by the Committee of University Chairs and has followed the minimum requirements of the Code.

In November 2022, the statutory FE sector in England was reclassified into the central government sector, meaning that colleges must now meet the overall requirements in HM Treasury's document, 'Managing Public Money', and some other related obligations. The College is aware of the requirements for applications for senior pay approvals and has complied with these requirements.

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

The total expenses paid to or on behalf of the Governors during the year was £111 ; 1 governor (2022: £0; 0 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.
No Governor has received any remuneration or waived payments from the College during the year (2022: None).

Relationship of Principal pay and remuneration expressed as a multiple:

	Year Ended 31 July 2023	Year Ended 31 July 2022
Principal's basic salary as a multiple of the median of all staff	6.2	6.6
Principal's total remuneration as a multiple of the median of all staff	6.7	7.3

These figures are based upon data for all staff on the payroll in March as a proxy for the full year's data.

9 Other operating expenses

	Year Ended 31 July 2023 £	Year Ended 31 July 2022 £
Teaching costs	5,080,524	4,667,298
Non teaching costs	3,764,458	3,703,168
Premises costs	2,775,833	2,422,013
Total	**11,620,815**	**10,792,479**

Other operating expenses include:	Year Ended 31 July 2023 £	Year Ended 31 July 2022 £
Auditors' remuneration:		
Financial statements audit and regularity assurance work	34,650	31,000
Internal audit	12,640	12,640
Other services provided by the financial statements auditors	17,600	8,250
Other services provided by the internal auditors	-	395
Hire of asset under operating leases	154,874	126,261
Stock adjustment	17,810	64,384
(Loss) / Gain on disposal of assets	(58,387)	36,865
Property leases	493,603	478,516

Included within expenditure are the following transactions:

	Year Ended £	Year Ended £
Write offs	78,633	N/A
Losses	-	N/A
Guarantees	-	N/A
Letters of comfort	-	N/A
Compensation	-	N/A

10 Interest payable

	Year Ended 31 July 2023 £	Year Ended 31 July 2022 £
On bank loans, overdrafts and other loans:	322,985	216,652
	322,985	216,652
On finance leases	-	-
Pension finance costs (note 24)	98,000	400,000
Total	**420,985**	**616,652**

11 Tangible fixed assets

	Freehold Land and Buildings	Long Leasehold Land	Assets under the course of Construction Freehold Land & Buildings	Equipment	Total
	£			£	£
Cost or valuation					
At 1 August 2022	67,764,403	420,000	-	13,476,817	81,661,220
Additions	821,002	-	1,383,071	1,527,789	3,731,862
Transfers / donations in kind	-	-	-	-	-
Disposals	(181,125)	-	-	(495,127)	(676,252)
Transfers	-	-	-	-	-
At 31 July 2023	**68,404,280**	**420,000**	**1,383,071**	**14,509,479**	**84,716,830**
Depreciation					
At 1 August 2022	20,342,247	27,856	-	9,745,544	30,115,647
Charge for the year	1,459,004	4,286	-	974,832	2,438,122
Elimination in respect of disposals	(109,583)	-	-	(431,823)	(541,406)
At 31 July 2023	**21,691,668**	**32,142**	**0**	**10,288,553**	**32,012,363**
Net book value at 31 July 2023	**46,712,612**	**387,858**	**1,383,071**	**4,220,926**	**52,704,467**
Net book value at 31 July 2022	**47,422,156**	**392,144**	**0**	**3,731,273**	**51,545,573**
Inherited	2,473,459	-	-	-	2,473,459
Financed by capital grant	9,343,867	-	-	1,220,906	10,564,773
Other	34,895,286	387,858	1,383,071	3,000,020	39,666,235
Net book value at 31 July 2023	**46,712,612**	**387,858**	**1,383,071**	**4,220,926**	**52,704,467**

Included in land and buildings is land with the value of £917,147 (2022: £917,147) which is not depreciated.

Included within long lease hold land is land valued in 2018 at £420,000 at depreciated replacement cost by an independent valuer Eckersley Property Ltd. The land is depreciated over the 99 year lease duration from Liverpool City Council.

Inherited land and buildings were valued in 1993 for the purpose of incorporation at depreciated replacement cost (buildings only) by Storey Sons & Parker, 13 Chapel Street, Preston.

Other tangible fixed assets inherited from the Local Education Authority at incorporation were valued by the corporation on a depreciated replacement cost basis.

12 Non current Investments

The College is one of fourteen members of The Lancashire Colleges Limited, a company limited by guarantee and registered in England and Wales. The principal business of The Lancashire Colleges Limited is to co-ordinate bids for ESF and other external funding. The College's investment is not considered to be material to consolidate. Further details are given in note 25.

The College is a member of 'TUCO ltd' a catering purchasing consortium for Universities and Colleges, the company is limited by guarantee and registered in England and Wales. The College is a member of The Crescent Purchasing Consortium, which is also a company limited by guarantee and registered in England and Wales, whose principal business activity is procurement.

The College is one of thirty seven members of the National Landbased College, a company limited by guarantee and registered in England and Wales. The College's investment is not considered to be material to consolidate.

The College is a member of Land Based Assessment Ltd. (LBAL) LBAL is a company limited by guarantee that was established in 2017 by 16 members of Landex to facilitate the provision of high quality End Point Assessment of Apprenticeships. It operates through Lantra as the approved Awarding Organisation, and is managed under contract by Landex from its offices in Northampton.The Principal is a Director.

13 Stocks

	Year Ended 31 July 2023 £	Year Ended 31 July 2022 £
Raw materials	176,584	171,840
Livestock	622,849	624,594
Goods for resale	116,788	101,977
Total	**916,221**	**898,411**

14 Trade & other receivables

	Year Ended 31 July 2023 £	Year Ended 31 July 2022 £
Amounts falling due within one year:		
Trade debtors	852,989	1,065,462
Other debtors	2,545	16,007
Prepayments and accrued income	544,799	453,713
Amounts owed by the ESFA	593,184	268,329
Other taxation and social security	36,347	43,036
Total	**2,029,864**	**1,846,547**

15 Creditors: amounts falling due within one year

	Year Ended 31 July 2023 £	Year Ended 31 July 2022 £
Bank loans and overdrafts	726,773	771,578
Trade creditors	1,402,015	878,387
Other creditors	688,771	781,400
Other taxation and social security	682,900	629,542
Holiday pay accrual	273,135	270,589
Accruals and deferred income	2,576,393	2,995,568
Deferred income - government capital grants	492,515	467,274
Amounts owed to the ESFA	853,972	929,183
Amounts owed to the ESFA - Capital Grants	2,642,810	-
Total	**10,339,284**	**7,723,521**

16 Creditors: amounts falling due after one year

	Year Ended 31 July 2023 £	Year Ended 31 July 2022 £
Bank loans	4,885,009	5,609,633
Deferred income - government capital grants	10,378,810	10,054,196
Total	**15,263,819**	**15,663,829**

17 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Year Ended 31 July 2023 £	Year Ended 31 July 2022 £
In one year or less	726,773	771,578
Between one and two years	504,028	724,623
Between two and five years	1,308,914	1,367,287
In five years or more	3,072,067	3,517,723
Total	**5,611,782**	**6,381,211**

Bank loans totalling £5.0m were taken out in July 2005 for a period of 20 years ending 31st July 2025. Interest is charged on the fixed rate element at 6.25% per annum. The interest rate payable on the variable rate element of the loan is 2.25% above LIBOR. This bank loan is secured on the self-catering residential accommodation.

A further bank loan totalling £2.9m was taken in 2013, the fixed rate element of £1.74m is repayable over 19 years from June 2013 at 6.18%. The variable rate element is repayable over up to 20 years from January 2013 at 2.45% over LIBOR. This bank loan is also secured on the self-catering residential accommodation.

A loan totalling £3.14m was taken in 2017 for investment in a Sports Performance Centre. The variable rate element is payable over 20 years from December 2017 at 1.5% over LIBOR.

A loan totalling £1.86m was taken in 2017 for investment in additional residential accommodation. The variable rate element is payable over 20 years from September 2018 at 1.5% over LIBOR.

The LIBOR (London Interbank Offered Rate) index, used to determine the interest rate charged for some adjustable-rate loans, will no longer be available after December 2021. Regulators have instructed banks to stop using Libor by this date. This will affect loans, lines of credit and any contracts that use or reference this index. The College has a number of loans held with the NatWest bank and on 28 September 2021 the Chair signed revised Loan Agreements changing the interest calculation basis to Sterling Overnight Index Average (SONIA). Neither the College nor the Bank should be at a disadvantage when the change occurs.

18 Provisions

	Defined benefit Obligations £'000
At 1 August 2021	3,506,000
Utilised in year	(1,344,000)
Movements in year	(12,517,000)
Restrictions due to minimum funding requirements	10,355,000
At 31 July 2022	**0**

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 25.

19 Changes in net funds

	At 1 August 2022	Cash flows	New Finance leases	Other non cash changes	At 31 July 2023
	£	£	£	£	£
Cash in hand, and at bank	13,190,868	1,868,688	-	-	15,059,556
	13,190,868	1,868,688	-	-	15,059,556
Bank loans	(6,381,211)	769,429	-	-	(5,611,782)
Net debt	**6,809,657**	**2,638,117**	**-**	**-**	**9,447,774**

20 Cash and cash equivalents

	At 1 August 2021 £	Cash flows £	Other changes £	At 31 July 2023 £
Cash and cash equivalents	13,190,868	1,868,688	-	15,059,556
Total	**13,190,868**	**1,868,688**	**-**	**15,059,556**

21 Capital commitments

	31 July 2023 £	31 July 2022 £
Commitments contracted for at 31 July	893,193	515,353
	893,193	515,353

22 Lease Obligations

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

	31 July 2023 £	31 July 2022 £
Future minimum lease payments due		
Land and buildings		
Not later than one year	363,104	355,712
Later than one year and not later than five	298,998	412,759
later than five years	1,063,457	1,099,100
	1,725,559	1,867,571

The College leases land and property under an Agricultural Holding Act Agreement with the Duchy of Lancaster, the terms of this agreement are to perpetuity, annual costs are £40k.
The College leases land and property under a Farm Business Tenancy Agreement from the Duchy of Lancaster, the terms of these agreements are to 2032, annual costs are £98k.
The costs of the above leases are excluded from the analysis above due to the length of the agreements and the right of the College to give 12 months notice.

	31 July 2023 £	31 July 2022 £
Other		
Not later than one year	149,664	179,001
Later than one year and not later than five	159,324	326,719
later than five years	-	30,522
	308,988	536,242

23 Contingent liabilities

There are no contingent liabilities

24 Events after the reporting period

The total FE funding contract for 16-18 learners excluding apprenticeships has been confirmed at £16.2m for 2023/24 (£15.3m in 2022/23) including an increase in high needs funded learners from £2.1m in 2022/23 to £2.2m in 2023/24.

In July 2023 the government announced that it would award nearly £500 million to colleges over the next two years to help fund pay rises, an agreement was reached with the Treasury by Education Secretary Gillian Keegan to fund colleges by an additional £185 million in 2023/24 and £285 million for 2024/25. The new funding was added through the 16-19 funding formula, and the College received an extra £1.38m in September 2023. The Education Secretary announced that the extra funding will be delivered through "boosting programme cost weightings for higher-cost subject areas as well as increasing the per-student funding rate" through 16-19 funding. On the 21 September 2023, the AoC met with the Unions and recommended a 6.5% pay increase and that colleges should use all of their share of the extra funding to address staff recruitment and retention challenges. The College Corporation Board approved a pay proposal on the 31 October 2023. The College has committed to pay the following pay recommendation:

- 6.5% to be paid to all staff, other than Senior Postholders and those on National Living Wage (NLW), from 01 January 2024;
- NLW increased to the Governments recommendation per hour from 01.04.2024; and
- Two extra days awarded to all staff apart from Senior Postholders to be taken as part of the Christmas holidays on 04 and 05 January 2024 to make the Christmas break a full two weeks with only 5 days holiday used; this is important for staff wellbeing.

Following consultation with their members, UCU, informed the College on the 10 November 2023 that their members had rejected the Colleges offer and would commence industrial action. The College has not made a revised offer.

Ofsted carried out a full inspection of the College's Further Education and Apprenticeship provision in November 2023, the Inspection Report will be published at the end of December 2023.

Student recruitment has remained steady for FE students and apprentices in the financial year to 31 July 2023 with student numbers broadly meeting those expected in the College Financial Plan. HE numbers are in line with the budget, however, this isa forecast reduction of 60 compared to last year.

The College's CEO, Principal and Accounting Officer of five years retired on the 14 August 2023. The College's Deputy CEO and Vice Principal acted as the Interim CEO, Principal and Accounting Officer from 15 August 2023 to 31 August 2023. On the 01 September 2023 the College's new CEO, Principal and Accounting Officer, Wes Johnson, started in post. Mr Johnson is an experienced and highly respected CEO and College Principal with experience of working in land-based colleges.

The College was awarded two T Level Capital Fund Building and Facilities Improvement Grants (TLCF BFIG). The two projects were due to commence in early 2023 and were to be completed by September 2023. The grants were to be matched funded 50% by the College, additional analysis is included on page 10.

The Engineering project has been completed within the year, but the Agriculture, Environment and Animals aspect was delayed. The College chose to delay the implementation of T levels, due to the challenges of staffing and the availability of specialist equipment, the DFE has agreed an extension until August 2024 for the grant to be spent. Including the T Level funding the College is carrying forward £2.2m of capital expenditure which was due to be spent in the year but which will now be spent in the following year.

In November 2022 the Office for National Statistics (ONS) determined that English FE Colleges were to be classified to the Central Government Sector. Colleges are required to follow the overall financial control framework for all central government bodies, HM Treasury's Managing Public Money (MPM). MPM provides a framework of financial oversight. The DFE have issued borrowing guidance, there is an expectation from DfE that colleges will continue to repay existing debt to maturity. Where colleges may have been expecting to refinance residual debt commercially:

- if this residual debt cannot be refinanced by a commercial lender with terms and conditions that are compliant with MPM; and
- the college does not have sufficient cash reserves to repay in full; then in these cases the DfE will provide funding to enable the college to repay the residual debt.

The DfE will recover funds from the college over an agreed period. Any amendments to existing borrowing will require prior consent from the DfE. The College has 2 loans that will need to be refinanced in 2025/26 and has set £3m aside to do this. The College will comply with the DFE guidance.

The DFE have promised to consult on a new draft college finance handbook which they plan to publish in April 2024 for implementation in August 2024. Colleges will be expected to produce annualised figures as at 31 March to be consolidated into the public sector figures. The first full year of consolidation will either be the 2024-5 academic year. There is strong Treasury pressure on DFE to implement a change of college year-end to 31 March.

The Department for Education published the 2020 teacher pension valuation on Friday 27th October 2023, this proposed an increase from 1 April 2024, from 23.68% to 28.68%. Ministers have confirmed that HM Treasury will be providing compensating funding to "centrally funded employers" to cover the extra costs of these increases and have also confirmed that colleges, like schools, will be covered by an increase in existing funding.

25 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 Lancashire Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lancashire County Council. Both are multi-employer defined-benefit plans.

Total pension cost for the year	**2023**		**2022**	
	£'000	**£'000**	**£'000**	**£'000**
Teachers Pension Scheme: contributions paid	1,766		1,772	
Local Government Pension Scheme:				
Contributions paid	1,344		1,217	
FRS 102 (28) charge	636		1,777	
Accrued pension contributions in relation to retention bonus 21/22	(17)		17	
Charge to the Statement of Comprehensive Income		3,729		4,783
Actuarial (gain) / loss		(14,595)		(24,383)
Restrictions due to minimum funding requirements		10,355		0
Total Pension Cost for the Year		**(511)**		**(19,600)**

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2020 and of the LGPS 31 March 2022. There were no outstanding or prepaid contributions at either the beginning or end of the financial year. Contributions amounting to £ 362,720 (2022:£ 334,269) were payable to the schemes and are included in creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

Valuation of the Teachers' Pension Scheme

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

Valuation of the Teachers' Pension Scheme

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

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

25 Defined benefit obligations (continued)

FRS 102 (28)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Lancashire County Pension Fund . The total contribution made for the year ended 31 July 2023 was £1,773k, of which employer's contributions totalled £1,344k and employees' contributions totalled £429k. (There is a small variation to the reported figures below due to the estimated July contributions used by the actuary). The agreed contribution rates for future years are 19.5% to March 2024, 20.2% to March 2025 and 20.8% to March 2026 for the College and range from 5.5% to 12.5% cent 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 at 31 March 2022 updated to 31 July 2023 by a qualified independent actuary

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	4.20%	4.20%
Future pensions increases	2.80%	2.80%
Discount rate for scheme liabilities	5.10%	3.50%
Inflation assumption (CPI)	2.70%	2.70%

25 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	31 July 2023 years	31 July 2022 years
Retiring today		
Males	21.00	22.30
Females	23.40	25.00
Retiring in 20 years		
Males	22.20	23.70
Females	25.20	26.80

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

	Fair Value at 31 July 2023 £'000	Fair Value at 31 July 2022 £'000
Equities	25,593	23,825
Government Bonds	212	-
Other Bonds	-	2,221
Property	5,024	5,502
Cash	317	808
Other Bonds	21,733	18,121
Total fair value of assets	**52,879**	**50,477**
Actual return on plan assets	**1,121**	**4,224**

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

	2023 £'000	2022 £'000
Fair value of plan assets	52,879	50,477
Present value of plan liabilities	(42,524)	(53,983)
Net asset / (liability)	10,355	(3,506)
Restrictions to level of asset ceiling	(10,355)	
Net asset (liability) recognised in the balance sheet	**-**	**(3,506)**

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

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

	2023 £'000	2022 £'000
Amounts included in staff costs		
Current service cost	1,937	2,955
Administration	43	39
Past service cost	0	0
Curtailments	0	0
Total	**1,980**	**2,994**
Amounts included in interest payable		
Net interest cost (note 9)	98	400
	98	**400**

25 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

	2023 £'000	2022 £'000
Amounts recognised in Other Comprehensive Income		
Changes in assumptions underlying the present value of plan assets	169	(3,492)
Changes in assumptions underlying the present value of plan liabilities	(14,764)	(20,891)
Restrictions to level of asset ceiling	10,355	-
Actuarial (gain) / loss	**(4,240)**	**(24,383)**

	£'000	£'000
Net defined benefit (liability) / asset in scheme at 1 August	(3,506)	(25,712)
Movement in year:		
Current service cost	(1,937)	(2,955)
Administration expenses	(43)	(39)
Employer contributions	1,344	1,217
Past service cost	-	-
Curtailments	-	-
Net interest on the defined (liability)/asset	(98)	(400)
Actuarial gain or (loss)	14,595	24,383
Restrictions to level of asset ceiling	(10,355)	-
Net defined benefit (liability) at 31 July	**-**	**(3,506)**

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

Asset and Liability Reconciliation

	2023 £'000	2022 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	53,983	70,970
Current service cost	1,937	2,955
Interest cost	1,879	1,132
Contributions by Scheme participants	429	392
Past service cost	-	-
Curtailments	-	-
Experience gains and losses on defined benefit obligations	(14,764)	(20,891)
Restrictions to level of asset ceiling	10,355	-
Estimated benefits paid	(940)	(575)
Defined benefit obligations at end of period	**52,879**	**53,983**
Change in fair value of plan assets		
Fair value of plan assets at start of period	50,477	45,258
Interest on income	1,781	732
Return on plan assets	(169)	3,492
Administration expenses	(43)	(39)
Employer contributions	1,344	1,217
Contributions by Scheme participants	429	392
Estimated benefits paid	(940)	(575)
Assets at end of period	**52,879**	**50,477**

26 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £111 ; 1 governor (2022: £0; 0 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.
No Governor has received any remuneration or waived payments from the College during the year (2022: None).

The College invoiced The Lancashire Colleges Limited £0 (2022 - £0) as at 31st July 2023 £ Nil was outstanding (2022 - £Nil). Payments of £5,000 were made to The Lancashire Colleges Limited (2022- £5,000). Alison Robinson, Principal & Chief Executive was a director until 25 July 2023. Philip Wesley Johnson represented the College on the Board of Directors following his appointment as Principal & Chief Executive on 1 September 2023.

The Lancashire Colleges was awarded an ESF contract for the Supporting Technical Education in Lancashire (STELa) project. There were 5 colleges in the delivery partnership for this project, with TLC acting as the lead contract holder. TLC paid the College £33,338 (2022 - £119,859)

Myerscough College was awarded project management and evaluation funding of £132,504 from the Education and Skills Agency (ESFA) acting on behalf of the Secretary of State. TLC is to provide co-ordination and project management support across all 7 projects in the Myerscough pilot area within the terms of the ESFA Contract. As at 31 July the College had paid TLC £28,059 (2022 - £98,445).

Myerscough College is lead partner for LSIF Mobilisation Funding awarded by the Education and Skills Agency (ESFA) acting on behalf of the Secretary of State. TLC is to provide co-ordination and project management support for the project, eleven Lancashire Colleges are involved in the project, the total award is £100,000, as at 31 July no distributions had been made.

Governor Clare James is Corporate Director Resources (and S.151 Officer) for Wyre Borough Council. As at 31 July 2023 Myerscough College paid the council £147,500 (2022- £102,587) for council tax and licencing fees.

Governor, David Hall is Regional Director at the North West NFU. As at 31 July 2023, invoices of £2,666 had been recieved, £NIL outstanding (2022 £21,689 invoiced, £NIL outstanding)

Governor, Sue Collinge has declared an interest in Brian Dent Ltd, the College incurred expenditure of £456 (2022 £ Nil)

The College is one of thirty seven members of the National Landbased College, a company limited by guarantee without share capital.

College Principal & Chief Executive Alison Robinson was a director of Land Based Assessment Ltd until 4 October 2023. A Private company limited by guarantee without share capital. As at 31 July 2023 the College invoiced £4,394 / £1,068 was outstanding at year end (2022 - £22,033 / £11,482 outstanding).

Steven Downham-Clarke Vice Principal & Deputy Chief Executive is a Governor at Ullswater Community College (UCC), Myerscough College have formed a partnership with UCC to deliver education from Sept 21. Myerscough College invested £217k in July & Aug 21 to enable delivery, with further investment in 21/22 of £122k. As at 31 July 2023 UCC had invoiced £80,881, £ Nil was outstanding. 2022 £77,833 invoiced (£17,780 outstanding)

Transactions with the funding bodies are detailed in notes 3, 14, 15 and 16.

Key management compensation disclosure is given in note 8.

27 Amounts disbursed as agent

ESFA – Adult Discretionary Support

	2023 £'000	2022 £'000
Unspent balance brought forward	27	42
Funding body grants – ALL	55	45
Recovered funds		(13)
	82	74
Disbursed to students	(26)	(45)
Administration costs / staffing	(1)	(2)
Balance unspent as at 31 July, included in creditors	**55**	**27**

ESFA – 16-19 Bursary Funds

	2023 £'000	2022 £'000
Unspent balance brought forward	129	78
Funding body grants – hardship support	373	364
Funding body grants – residential bursaries	385	405
Funding body grants – vulnerable learners	0	0
	887	847
Disbursed to students	(698)	(680)
Recovered funds		
Administration costs / staffing	(37)	(38)
Balance unspent as at 31 July, included in creditors	**152**	**129**

	2023 £'000	2022 £'000
OfS student hardship		
Funding body grants	12	0
Disbursed to students	(12)	-
Balance unspent as at 31 July, included in creditors	**-**	**-**

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.

28 Access and participation expenditure

	2023 £'000	2022 £'000
Access investment	188	184
Financial support provided to students	113	137
Support for disabled students	79	78
Research & evaluation related to access & participation	4	4
Total access and participation expenditure	384	403

The College's access and participation plan is available on the College's website at
https://www.ucmyerscough.ac.uk/media/6712/myerscoughcollege-app2020.pdf
https://www.ucmyerscough.ac.uk/media/8550/university-centre-myerscough-access-and-participation-plan-2024-25-2027-28.pdf

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

Conclusion
We have carried out an engagement, in accordance with the terms of our engagement letter dated 19 November 2021 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or those of any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by Myerscough College during the period 1 August 2022 to 31 July 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

We have complied with the independence and other ethical requirements of the FRC's Ethical Standard and the ethical pronouncements of the ICAEW. We also apply International Standard on Quality Management (UK) 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and accordingly maintain comprehensive systems of continuing quality management.

Responsibilities of Corporation of Myerscough College for regularity
The Corporation of Myerscough College is responsible, under the grant funding agreements and contracts with the ESFA and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Corporation of Myerscough College is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity
Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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

Use of our report

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

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Date: 15/12/23