



CRAVEN COLLEGE

Annual Report and Financial Statements for the year ended 31 July 2023

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2022/23:

Lindsey Johnson	Principal and Accounting Officer (to 20 th January 2023)
Anita Lall	Vice Principal Quality and Curriculum (to 30 th November 2022), Acting Principal and Accounting Officer (appointed 1 st December 2022) ¹ , Interim Principal (appointed 22 nd March 2023)
Gareth Dixon	Vice Principal Finance and Resources
Duncan Bulloch	Director of Curriculum (to 1 st January 2023), Interim Assistant Principal of Curriculum (appointed 2 nd January 2023)
Angela Crabtree	Director of Quality (to 1 st January 2023), Interim Assistant Principal of Quality (appointed 2 nd January 2023)
Tony Joyce	Interim Assistant Principal of Curriculum (appointed 1 st February 2023 to 30 th June 2023)
Wesley McGlinchey	Interim Assistant Principal of Curriculum (appointed 1 st June 2023)

¹ The appointment of Anita Lall as Acting Principal and Accounting Officer on 1st December 2022 resulted in dual operating costs for the role

Board of Governors

A full list of Governors is given on page 18 & 19 of these financial statements.

Mrs Joan Matthews acted as Director of Governance to the Corporation until 14th November 2022.

Mrs Jean Tracy was appointed as Interim Director of Governance from 14th November to date.

Professional advisers

Financial statements auditors and reporting accountants:

Armstrong Watson,
Number 3,
Acorn Business Park,
Airedale Business Centre,
Skipton.
BD23 2UE

Bankers:

Barclays Bank,
49 High Street,
Skipton,
North Yorkshire BD23 1DH

Solicitors:

AWB Charlesworth
23 Otley Street
Skipton
BD21 3SE

Eversheds Sutherland
Bridgewater Place
Water Lane
Leeds
LS11 5DR

DWP LLP
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CONTENTS

	Page number
Strategic Report	4
Statement of Corporate Governance and Internal Control	17
Statement of Regularity, Propriety and Compliance	26
Statement of Responsibilities of the Members of the Corporation	27
Independent Auditor's Report to the Corporation of Craven College	29
Reporting Accountant's Assurance Report on Regularity	33
Statement of Comprehensive Income and Expenditure	35
Statement of Changes in Reserves	36
Balance Sheet as of 31 July	37
Statement of Cash Flows	38
Notes to the Accounts	39

Strategic Report

NATURE, OBJECTIVES AND STRATEGIES:

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

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Craven College ('the College'). The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Mission

The College's mission is *"Enriching lives through learning"*.

Vision

The College's vision, which was reviewed by the Board during the year, is:

"To deliver and develop high quality learning opportunities for all through an aspirational team who collaborate with our key stakeholders in a well-connected and resourced, sustainable learning and working environment".

Strategy and Objectives

Governors and the Senior Leadership Team have a clear vision and ambition for the College ensuring that its provision meets the needs of students, employers and local communities to deliver an outstanding student experience. A new Strategic Plan for 2020-2025 was launched in September 2020, after extensive consultation with Governors and stakeholders.

In January 2018 the College was subject to a full inspection by Ofsted and was graded Good in all areas with Outstanding for apprenticeships. In 2019-20 the College achievement rates for 16-18 and adults increased significantly, above published National Rates (NR). Although achievement rates for apprentices declined due to end point assessments being cancelled due to Covid-19, they remain more than 5 percentage points (pp) above NR. In 2020-21, the pandemic and the various lockdowns had a negative impact on the overall College achievement rates and in 2021-22 when students took formal examinations for the first time in 2 years. Improvements in achievement rates are now being seen as evidenced through the 2022/23 results with a return to normal assessment.

In relation to 16-18 year olds, student numbers have increased significantly (8%) from 1,171 in 2021/22 to 1,265 in 2022/23. The most significant reasons for this are: the introduction of courses in new subject areas (such as plumbing, electrical installation, eSports, travel and tourism), a growth in construction and motor vehicle provision and an improved marketing strategy, which focusses upon targeted social media advertising, as opposed to print and radio. The College is also working on further development of curriculum aligned to jobs and opportunities, using labour market intelligence to respond to the new Department for Education Duty to Review How Well the Education or Training Provided Meets Local Needs.

The College remains a growing provider of High Needs provision with 162 students generating lagged government funding of £972,000. The College works with all the Local Authorities in North Yorkshire, West Yorkshire and Lancashire with responsibility for local High Needs provision and receives additional funding to counteract the deficit in lagged funding.

The College commenced its new partnership with the University of Hull as its validating partner for HE provision from September 2021. This continues to be a successful partnership providing additional opportunities for students and for staff to be a part of a larger HE community. HE numbers have fallen due to reductions in part-time students across the whole of the HE system and increased competition from universities who decreased their entry requirements significantly to compensate for reduced applications from international markets. The

College has continued to push to increase the average class size for the College's HE programmes, meaning some options are not viable due to low recruitment.

The College, through its Project Funding Team and Tyro Training, continues to develop important partnerships locally and across the Region including the Aire Valley, Keighley, Ripon and across North Yorkshire. This includes attracting funding from a range of project funds including the European Union. The College also has contracts to deliver 'Building Better Communities - Action Towards Inclusion' (Big Lottery Fund and ESF).

During the year the College participated in the Strategic Development Fund (SDF) in partnership with other Colleges in North Yorkshire under the project leadership of York College. This resulted in grant funding of c.£300,000 which the College has invested in a range of resources and training of staff enabling the teaching of sustainable technologies including electric and hybrid vehicles, sustainable housing construction and sustainable heating systems.

The College benefits from large programme specialist funding uplift for the Land-based provision from the ESFA. To retain this ESFA funding the College has worked with Craven Cattle Marts (CCM) to deliver a new Equine Unit on their site which the College is leasing. Construction work has now completed on this development with the new Equine Arena operational since October 2022.

The College has seen a deterioration in its ESFA rating to "Requires Improvement" for financial health as a consequence of utilities and general cost inflation in parallel with delivery challenges faced from increased learners on study programmes compared to funded allocation along with adult education delivery being below allocation.

16-19 study programme funded learners in the year were 1,137 which represented a 3% decrease on 2021/22 funded learners. However, an increase in baseline funding of c.8.5%, along with in-year growth funding, has resulted in the overall 16-18-year-old revenue funding increasing by 9.0%. Whilst this is positive for the College moving forwards the increase of 8.5% in base funding rate is on the condition of delivery of a further 7.4% hours of delivery across study programmes. The impact of this was an increase in staffing costs to accommodate this additional delivery requirement which presented a significant financial cost challenge for the College in 2022/23.

Throughout 2022/23 the College has continued to tightly manage its cash flow and gearing levels; this has seen it operate with a positive bank balance and generate positive cash from operations but a reduction in cash reserves following investment in the College's facilities. The College continues to operate with no overdraft in place. The College owed £125,000 on finance leases at 31 July 2023 and the College's total borrowing to income ratio is 0.9%.

During 2022/23 the Office for National Statistics (ONS) reclassified further education corporations, sixth form college corporations and designated institutions in England ('Colleges') as public sector bodies, forming part of Central Government.

In 2022/23 the College benefitted from £159,912 of tuition fund in order to support learners with a GCSE English and/or maths of grade 4 or lower. The tuition fund was used to support students with GCSE and Functional Skills English and maths as well as vocational sessions. High grades (9-4) for GCSE English and maths were 35% and 21% respectively. These are considerably above the national rate (22% GCSE English; 13% GCSE maths) and the Association of Colleges benchmark 26% GCSE English; 16% GCSE maths).

The College also holds Investors in People accreditation and the Matrix Standard for Student Services.

Strategic Plan

In September 2020 the College adopted a new Strategic Plan for the period 2020-2025 encompassing Our Offer, People and Position of the College. The change in Strategic Plan was as a consequence of the new Senior Management Team being in place as well as addressing the College's longer-term response to the changes in

operations presented as a consequence of Covid-19. The College strategy is currently in the process of being reviewed and an update the strategy will be launched in 23/24.

The College Strategy is broken down into three components:

Our Offer - Recognised for our outstanding apprenticeship provision, Craven College is aspirational in terms of Our Offer. Increasing the breadth of our curriculum, and securing progression from all entry points, focuses Our Offer on the development of the skills and behaviours desired for employment. Extending higher level learning and maturing the specialist nature of Our Offer. The Covid-19 outbreak has accelerated our progress towards digital immersion, which provides choice and flexibility in terms of modes of learning. We recognise the strength that partnership provides and will continue to explore opportunities to develop and continually improve inclusive provision.

Our People - Until recently, the 9-5 working week was the accepted model of how colleges operated. Employees' dedication and drive was largely measured by how long they spent in the office and how many personal sacrifices they were prepared to make. We need to create a culture that focuses on both the achievement of our students, apprentices and customers and the well-being of our employees. The environment that we once knew, before the Covid-19 outbreak, has been challenged by dynamic and innovative new ways of working, which stand to benefit Our People. As leaders, we recognise that getting the best out of people requires a different kind of environment and a more flexible approach to work.

Our Position - In this ever-connected world, Our Position is one of geography, technology and reputability. The relentless financial challenges shape our focus on sustainability, promoting a keen spotlight on ensuring we deliver high-quality learning, investing in ensuring the durability of relationships with our students, apprentices, customers and stakeholders. We will continue to enhance customer satisfaction, by meeting their needs with provision which we will constantly challenge to be more flexible in terms of its facilitation. We will continue to explore opportunities to collaborate, to the benefit of Our Offer whilst underpinning synergy with business standards.

Underpinning the elements of the Strategic Plan are **Our Behaviours** of how all staff deliver on the Strategic Plan. This is summarised as:

We are:

- Aspirational – Creating a progressive, curious and optimistic team.
- Authentic – A positive, respectful and socially intelligent team.
- Collaborative – An innovative and well-connected team who take personal responsibility for their actions and output.
- Resilient – An enthusiastic, flexible and pragmatic approach to delivering teaching and learning.

The intended outcomes of the Strategy are:

We are learning centred

- Against a continuously challenging financial landscape, we are responsive to the needs of our community, and the external challenges that we face.
- We have an outward leaning approach to working in partnership with employers and the wider stakeholder community.
- We have a comprehensive student engagement strategy, encompassing both employability skills and personal development, through an Offer which is blended and digitally immersive.
- We aim to stimulate and increase the number of businesses working in collaboration with the College to achieve an industry-led approach to skills development.

We are High Quality

- Our aspiration is to ensure that all our students, apprentices and customers experience the best quality of education that enables them to enrich their lives through learning new skills and knowledge.
- We consistently set a culture of high expectations, consolidating and improving Our Offer.
- We are recognised for excellent communication and marketing both internally and externally.
- Our Offer is underpinned by a robust progression strategy.

We are Financially Sustainable

- We evolve our business model to the benefit of our learners and community in a cautious yet sustainable manner.
- Our campuses and practices are of the right scale and quality, providing access to industry standard learning opportunities.
- We have a sustainable curriculum Offer which is responsive and agile and aligned with local, regional and national priorities.
- We enable managers to be accountable for their People and their resources.

The Senior Management Team leads action in support of each of the goals and enablers and progress is monitored by the Board.

RESOURCES

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

The College employed 248 (2021/22: 233) people in the year (expressed as full-time equivalents), of whom 134 (2021/22: 129) are teaching staff.

The College enrolled 3,238 students. The College's student population includes 1,245 16-to-18-year-old students, 586 apprentices, 89 higher education students and 1,318 adult learners.

The College's estate has continued to develop to reduce operating and maintenance costs and provide improved learning and teaching accommodation for staff and students. The College has invested around £3.9m over the last 5 years on new buildings, refurbishing existing buildings and refreshing the Colleges IT infrastructure.

The net book value of all the College fixed assets is £10,175,000 (2021/22: £10,370,000).

The College has £5,255,000 of net assets (31 July 2022: £6,406,000). This does not include any pension liabilities as the pension scheme valuation is in an asset position but a net nil position has been included in the financial statements as the College would not receive any financial benefit in the event of the pension scheme being dissolved. The College has long term debt of £125,000, (2021/22: £209,000) relating to finance leasing of IT equipment.

EXTERNAL REPRESENTATION

The Interim Principal represents the College on a number of external committees:

- Association of Colleges Students Strategy Group member
- Association of Colleges Equality, Diversity & Inclusivity Reference Group member
- Association of Colleges Yorkshire and Humber Principal's Group member
- LANDEX Principal's Group member
- Skipton Business Improvement District Board member
- York and North Yorkshire College Principal Group member
- Yorkshire and Humber Institute of Technology Director
- University of Hull Collaborative College Partnership Board member
- Cambridge Access Validating Agency Board Director

- York and North Yorkshire Local Skills Improvement Fund Partnership Board member
- Craven Locality Board member
- Craven Headteachers group member

The Vice Principal Finance & Resources represents the College on the following external committees:

- Association of College Yorkshire & Humber Finance Group member
- LANDEX Finance Committee member

The Interim Assistant Principals - Curriculum and the Interim Assistant Principal - Quality represent the College on several external committees:

- Association of College Yorkshire & Humber Curriculum & Quality Group member
- LANDEX group member
- Landex Quality & Curriculum Committee member
- Yorkshire and Humber Institute of Technology operational group member
- University of Hull Collaborative College Partnership member

STAKEHOLDERS

The College has many stakeholders including:

- its current, future and past students including their parents and guardians.
- its staff and their trade unions.
- the employers it works with.
- the professional organisations in the sectors where it works.
- its partner schools and universities; the wider college community.
- its local district and borough councils, combined authority and Local Enterprise Partnerships.

PUBLIC BENEFIT

Craven 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 18. 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 3,238 students, including 89 students with higher educational needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. The College adapts its courses to meet the needs of local employers and provides training to 586 apprentices. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

DEVELOPMENT AND PERFORMANCE

Financial results

The College generated a deficit before other gains and losses in the year of £1,449,000 (2021/22: deficit £1,097,000), with total income of £14,656,000 (2021/22: £13,838,000).

The increase in 16-18 learners recruited in 2020/21 led to an increased allocation from the Education and Skills Funding Agency (ESFA) combined with a slight increase in apprenticeship delivery resulted in an increase of £818,000 in income. This is despite a reduction in adult learning delivery and HE learners.

Staffing costs, excluding FRS102 charges in relation to defined benefit pension liabilities and restructuring costs, were £9,765,000 (2021/22: £9,009,000) were significantly higher than in 2021/22 due to the increased level of delivery in the year requiring additional staffing as well as a pay award made to all staff except Senior Post Holders in the year.

The operating costs of the College increased by over 33% compared to the previous year. This is due to the significant increase in utility costs the College faced in the year as fixed term contracts ended at the peak of the energy crisis along with increased rental costs associated with the new equine facility and general cost inflation.

The College has accounted for increased pension adjustments under FRS102, including interest on defined benefit pensions schemes, in the year to 31 July 2023 of £298,000.

Cash flows and liquidity

At £86,000 (2021/22: £1,420,000), net cash flow from operating activities has deteriorated year-on-year largely due to increased utility costs, rental costs associated with the new equine facility and general cost inflation.

During the year the college invested £870,000 in equipment and resources for the College as outlined in the Developments section below.

The size of the College's total borrowing is set to ensure it has a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this cushion was £75,000 (2021/22: £1,412,000). Despite the reduction in operating cash flow during the year the Corporation is satisfied that the current low level of College borrowing continues to be sustainable.

Developments

In 2022/23 the College invested in tangible fixed asset additions amounting to £870,000; of which £221,000 was invested in equipment funded via grants from the Strategic Development Fund to develop curriculum in sustainable construction and motor vehicle and £167,000 on completion of the refurbishment of laboratories and associated teaching spaces which was partially funded by T-Level Capital Grants which the College received from the Department for Education.

The investment in the equine arena was concluded with the official opening in November 2022. This completes the latest development in partnership with Craven Cattle Mart and provides the College with an international standard equestrian facility with an internal and external arena space, turn out pens, teaching spaces, solarium and stabling for 22 horses. This new facility provides students with a world class facility to enhance their learning experience as well as provide the wider equestrian community access to the facility through commercial lettings. This has enabled the College to continue to receive Specialist Funding Status for its land-based provision which adds around £400,000 of funding per annum to the College.

A further £482,000 was invested in a range of other projects including a range of curriculum equipment and estate developments including enhanced CCTV improving security and safeguarding across the College.

Reserves

The College has accumulated reserves of £5,012,000 including pension liability which is set to nil this year due to the scheme being in an asset position overall (reduced to zero in the financial statements to reflect the asset ceiling) and cash and short-term investment balances of £845,000. The College wishes to move to a growth in reserves (excluding FRS102 charges in relation to defined benefit pension liabilities) and grow accumulated reserves and cash balances to create a contingency fund.

Sources of income

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2022/23 the FE funding bodies provided 81% (2021/22: 80%) of the College's total income.

Streamlined Energy and Carbon Reporting

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

- Continued to encourage staff to utilise technology such as MS Teams and Zoom calls in place of physical travel to/from meetings.
- Continued use of use of electric/hybrid vehicles within the College fleet with 4 now being electric/hybrid vehicles.
- Continued to source electricity from green suppliers.

Despite progress made in reducing its carbon output the College faces increasing operational and cost challenges to further progress reductions due to reduced supply and increased costs in the context of maintaining delivery of quality teaching and learning.

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

Energy Consumption used to calculate emissions	1 August 2022 to 31 July 2023	1 August 2021 to 31 July 2022
Gas (kWh)	703,963	1,062,459
Electricity (kWh)	506,871	683,609
Transport Fuel (miles)	91,230	99,090
Scope 1 emissions in metric tonnes CO2e		
Gas Consumption	128.5	193.9
Owned transport	-	-
Total Scope	128.5	193.9
Scope 2 emissions in metric tonnes CO2e		
Purchased Electricity	105.0	132.2
Scope 3 emissions in metric tonnes CO2e		
Business travel in employee-owned vehicles	24.0	27.9
Total gross emissions in metric tonnes CO2e	257.4	354.1
Intensity Ratio (FTE staff)	248.4	233.2
Tonnes CO2e per FTE	1.04	1.52

Qualification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2023 UK Government's Conversion Factors for Company Reporting.

Intensity ratio

The chosen intensity measurement ratio is tonnes CO2 per FTE staff.

FUTURE PROSPECTS

Developments

The College has continued to invest in its facilities and aims to increase contribution by introducing several schemes across the College site. The previously agreed sale of the High Street fell through in May 2023 when the buyer withdrew from the transaction. However, a revised offer of £515,000 was received in May 2023 which the College Board approved. The disposal of the High Street Campus will reduce the annual running costs of the College and the cash receipt will provide the College with a cash sum in cash reserves to further bolster the financial position.

The College is continuing to work with CCM Auctions Limited and has secured T-Level Capital grant funding of £2.3m to invest in the facilities accommodated within the Auction Mart site. This will provide the College with industry leading facilities in the Construction, Motor Vehicle and Engineering departments to provide students with access to a modern environment.

The College has also received grant funding for investment in general estates condition and energy efficiency which will be utilised in capital projects over the next 2 years.

Financial plan

The College governors approved a financial plan in July 2023 which sets objectives for the period to July 2025 and a budget for the year 2023-24. Further development of the longer-term financial plan is underway as the capital funding routes open to colleges have changed following the Office for National Statistics reclassification in November 2022.

Treasury policies and objectives

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

Short-term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

The College had drawn no such borrowings in 2022/23 (2021/22: nil).

Cash flows and liquidity

At £100,000 (2021/22: £1,420,000), net cash flow from operating activities remained positive.

Future cash flows of the College continue to be monitored closely by the Senior Leadership Team. Whilst the most recent year has seen a reduced cash performance, the recently announced funding increase and capital grant funding provided to the College has provided a strong foundation to enable investment in staff pay and the wider estate in order to further support and stimulate growth for the College going forwards.

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 Risk Management Committee undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventative 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 Risk Management Committee will also consider any risks which may arise because of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed at every Audit Committee meeting. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

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.

- Failure to recruit students, apprentices and adults resulting in income targets not being met
- Failure to improve achievement rates to meet national benchmarks and targets
- Failure to achieve positive rating from external agencies such as Ofsted, OfS, FEC, ESFA etc
- Failure to recruit, retain and develop quality staff in line with the College's 'People Plan'.
- Failure to respond to adverse publicity for the College.
- Failure to ensure that the College estate meets the requirements of the curriculum, students and staff
- Failure to engage and respond to the student voice leading to poor student experience and satisfaction
- Failure to take into consideration stakeholder views and LMI such that the curriculum does not meet the needs/demands of the communities served by the College
- Failure in the efficacy of the Board to support the College in delivering its objectives
- Failure to safeguard children, vulnerable adults and/or comply with health and safety legislation.
- Failure to prevent serious fraud

KEY PERFORMANCE INDICATORS

The table below demonstrates the KPIs, and the assessment against them, that the College uses internally as well as the measure assessed externally such as Financial Health, sector specific EBITDA, Minimum Standards, delivery against funding targets and Success rates.

Key performance Indicator	Measure/Target	Actual for 2021/22	Actual for 2022/23
Adjusted Current Ratio	≥ 1.2	0.9	0.8
Borrowings as a percentage of income	≤ 20%	1.6%	0.9%
EBITDA as % of income – education specific	≥ 6 %	5.2%	(3.8) %
Staff costs as a % of total income less sub-contracting payments	≤ 65%	66.8%	68.7%
Ofsted rating	≥ Good	Good	Good
Financial Health	≥ Good	Good	Requires improvement

The College met only two of these indicators in the year. This is due to a number of challenges faced in the year in the delivery of adult education and apprenticeships and utilities and general cost inflation that it has experienced in the last year. The Corporation and leadership team continue to focus on delivering further performance improvement initiatives over the coming year whilst maintaining high standards of teaching and learning to students.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2022 to 31 July 2023, the College paid 93% (2021/22: 88%) of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Student achievements

More robust quality & performance reviews and supported intervention scrutiny for under-performing areas has had a positive impact on a large majority of areas. This has led to an improvement in achievement rates.

Overall, FE achievement has improved to 80% (an increase of 5pp from 2021/22) and is 3pp below national rate (NR). Overall pass rates have also improved significantly to 90%; a 7pp increase since the previous academic year and are now just below NR.

Across the 16–18 year old cohort, achievement has improved to 77% and is below the national rate (NR). Pass rates for this age group have improved significantly to 87%. Achievement has been impacted by qualifications delivered as part of the A level pathways and by qualifications in Animal and Countryside. Achievement rates for Functional Skills English and maths qualifications have also improved significantly.

Achievement for adults stands at 85% which is just under the NR and is a significant improvement on the 2021/22 out-turn of 77% with pass rates showing considerable improvement from 84% in 2021/22 to 94% in 2022/23.

The number of students with a disability in 2022/23 has increased compared to 2021/22. Achievement rates for students with a declared disability have improved significantly by 10pp and are above NR at 82%. They also achieve better than their peers with no declared disability although the gap between the 2 cohorts has improved. Students with an Education Health and Care Plan (EHCP) achieve significantly better than their peers.

Since Covid, the apprenticeship provision nationally has suffered with late achievements due to a backlog of learners who were on breaks in learning and delays in end point assessments (EPA's). Craven College, like other colleges and training providers, was not protected from these issues and has been working towards yearly reductions with 'out of funded' learners whilst continuing to recruit to target. Overall, achievement rates for apprenticeships are above NR at 66% and have increased for all age groups except 16-18, although this is still above NR.

Overall, the College, when compared to other General Further Education Colleges, remains within the top 8 for apprenticeship provision. GCSE English and maths high grades (9-4) pass rates particularly for the 16-18 cohort are still above the NR but there has been a decline compared to 2021/22. This is because Ofqual, the qualifications regulatory body, announced that grades boundaries were to revert back to pre-pandemic rates and therefore nationally fewer students achieved grades 9-4.

Higher Education continuation is strong but there has been an increase in attrition and a decline in upper awards. The number of withdrawals has increased this year from 6 in 2021/22 to 11 in 2022/23 (which will impact on continuation data in following years). The majority of these withdrew due to mental health issues or as a result of moving away from the area. Mental health issues are also frequently cited and evidenced in requests for extensions and additional consideration of work. Overall achievement for BA/BSc (Hons) Degrees is the same as 2021/22 at 95% and 100% for Foundation Degrees and Higher National Diplomas. Of the 24 students awarded their Foundation Degree, 33% achieved a classification of Merit or above and of the 21 BA/BSc (Hons) awarded, 57% achieved a classification of 2:1 or above.

EQUALITY AND DIVERSITY

Equality

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positive differences in relation to all the protected characteristics. The College seeks to ensure that no individual or group, because of their protected characteristic, faces discrimination, harassment or victimisation. The College seeks to positively remove conditions and barriers which place people at a disadvantage and actively promotes equality for all and celebrates diversity. This policy is resourced, implemented and monitored on a planned basis. The College's Equality Diversity and Inclusion 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 aspires to be 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 has signed up to the Association of Colleges Mental Health Charter and is committed to the mental health and wellbeing of staff. The College carries out an annual Equality & Diversity training programme which all staff attend. Refresher training and training for new starters is carried out on an ongoing basis.

Gender pay gap reporting

At the point in time of reporting to Her Majesty's Revenue and Customs (HMRC) Craven College employed 343 employees. The Gender Pay Gap Reporting Regulations require the College to report on aggregate employee pay data based on average and not individual earnings. The report is made in March for the preceding year.

	Year ending 31 July 2023
Mean gender pay gap	9.2%
Median gender pay gap	21.6%
Mean bonus gender pay gap	0.0%
Median gender bonus gap	0.0%
Proportion of males/females receiving a bonus	0.0%

The proportion of males and females in each quartile of the pay distribution are:

	Males	Females
1 - Lower quartile	21%	79%
2	22%	78%
3	32%	68%
4 – Upper quartile	41%	59%

Disability statement

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

- a) As part of its accommodation strategy the College considers access arrangements in all new builds and refurbishments.
- b) The College has a SEND Officer, who provides information, advice and arranges support where necessary for students with disabilities.
- c) The College is proactive when looking for technological solutions to support needs.
- d) The admissions policy for all students is described in the Student Support Policy. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) 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 Progression Support Assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- g) 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.

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. Our assessment is documented in more detail in the accounting policy Going Concern on page 25 of the financial statements.

EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period which impact the College significantly.

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/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 7th December 2023 and signed on its behalf by:


Alison Birkinshaw (Dec 9, 2023 15:22 GMT)

Dr Alison Birkinshaw
Chair

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 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 seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”); and
- iii. having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the further education sector.

The 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 of Good Governance for English Colleges (“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.

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2023. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to always observe the highest standards of corporate governance. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges updated by the Association of Colleges in September 2021 and adopted by the Board in March 2022.

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

THE CORPORATION**Members of the corporation**

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

Board Member	Position Held	Date of Appointment	Total term of Office	Date of Resignation/End of term of office	Status of Appointment
Stephen Morton	Chair, Learning, Teaching and Assessment Committee Chair, Search and Governance Committee Chair of the Board (from 01/11/21)	28/03/19	4 years	28/03/23	External
Lindsey Johnson	Principal	17/02/20		20/01/23	Principal
Julie Atkins		31/03/22	4 years		Business Support Staff
Alison Birkinshaw	Chair of the Board (appointed 01/11/22; effective 28/03/23) Chair, Search and Governance Committee (from 30/02/23)	01/09/19	4 years		External
John Craig	Chair, Learning, Teaching and Assessment Committee (from 30/03/23)	14/04/21	4 years		External
Ed Drake		01/04/20	4 years		External
Jess Guth	Chair, Staffing and Remuneration Committee (from 05/10/23)	08/07/21	4 years		External
Lisa Hart		08/12/22	4 years	24/2/23	External
Heather Kerrick		03/03/22	4 years		External
Anita Lall	Interim Principal	22/03/23			Principal

Board Member	Position Held	Date of Appointment	Total term of Office	Date of Resignation/End of term of office	Status of Appointment
Dean Langton	Chair, Finance, Resources and Investment Committee Vice Chair of the Board (from 01/11/22)	10/10/19	4 years		External
Andy Micklethwaite		20/03/23	4 years		External
Chris Morgan		27/03/23	4 years		External
Richard Newall		31/03/22	4 years	21/08/23	Teaching Staff
Jane Rogers		12/11/20	4 years		External
Luke Scott		08/12/22	1 year	31/07/23	Student
Rob Scott	Chair, Audit Committee (from 27/03/23)	20/03/23	4 years		External
Martyn Stone	Chair, Audit Committee Vice-Chair of the Board (from 01/01/21) Co Vice-Chair of the Board (from 07/07/22)	04/03/15	8 years	04/02/23	External
Claire Thomas		23/01/23	4 years		External
Adam Hussain		To be appointed 07/12/23	End July 2024		Student Governor

The members' attendance at Board and Committee Meetings, in relation to the number of meetings held and for which they were eligible, during the year ended 31 July 2023 is set out in the table below.

Board Member	Board	FRI	S&R	Audit	S&G	LTA
Julie Atkins	4/6					3/3
Alison Birkinshaw	6/7	6/6	1/1		1/2	5/5
John Craig	4/7			2/3		5/5
Ed Drake	5/7	4/6				
Jess Guth	2/7		0/2			
Lisa Hart	0/0					
Lindsey Johnson	1/1					1/2
Heather Kerrick	4/7	5/6				
Anita Lall	3/3	3/3			2/2	4/4
Dean Langton	5/7	6/6	2/2			
Andy Micklethwaite	1/4					
Chris Morgan	3/4			1/1		
Stephen Morton	4/4		1/1		1/1	3/3
Richard Newall	5/5					3/3
Jane Rogers	5/7		2/2		2/3	5/5
Luke Scott	0/5					
Rob Scott	2/3			2/2	1/1	
Martyn Stone	3/4			1/1	1/1	
Claire Thomas	3/4					

FRI - Finance, Resources and Investment Committee;

S&R - Staffing and Remuneration Committee;

A - Audit Committee;

S&G - Search and Governance Committee;

LTA - Learning, Teaching and Assessment Committee;

The governance framework

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance, Resources and Investment,

Learning, Teaching and Assessment, Search and Governance, Audit, and Staffing and Remuneration. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at www.craven-college.ac.uk or from the Director of Governance at:

Craven College
Gargrave Road
Skipton
BD23 1US

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

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are provided on an ad hoc basis.

The Corporation has a strong and independent non-executive element and no individual dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee, consisting of three members of the Corporation, plus the Principal, which is responsible for advising the Board on governance matters, along with the selection and nomination of any new member for the Corporation's consideration. The Committee operates in line with the terms of reference agreed by the Corporation and usually meets at least termly. The Board seeks to have an appropriate balance of skills and experience amongst members and the Search and Governance Committee operates according to a skills matrix in considering candidates for appointment. The Search and Governance Committee also takes account of the wish that the Board broadly reflects the community it serves.

Members of the Corporation are appointed for a term of office not exceeding four years, although are eligible for reappointment, through a formal process. The Committee monitors Governor performance through Key Performance Indicators agreed by the Board, and this is taken into account in consideration of any reappointment.

The College is committed to applying the Single Equality Scheme at all stages of recruitment and selection. The Board, through the Search and Governance Committee, conducts recruitment and selection in line with those principles. Interviewing and selection of Governors is always carried out without reference and any bias towards the "Protected Characteristics" of gender, gender reassignment, sexual orientation, marital or civil partnership status, race, religion or belief, age, pregnancy or maternity leave or disability. No candidate with a disability is excluded unless it is clear that the candidate is unable to perform a duty that is intrinsic to the role, having taken into account reasonable adjustments. Reasonable adjustments to the recruitment process are made to ensure that no applicant is disadvantaged because of his/her disability. The Board is aware of any under-represented groups which may well be specifically targeted in line with the College's Single Equality Scheme.

The College received DfE support in recruiting Governors for particular skills gaps that had been identified through the skills audit and worked with Peridot Recruitment to fill those vacancies.

Corporation performance

The Corporation is responsible for ensuring that appropriate training is provided as required and all Governors complete an induction which includes meetings with key staff and Governors, online mandatory training, observation of meetings and external training opportunities. A training plan for the whole Board is considered by the Search and Governance Committee and is kept under regular review. Training is also informed by input

from individual committees. Training completed by Governors is reported to the Search and Governance Committee and in 2022/23, included Safeguarding, Curriculum Efficiency and Financial Sustainability, AEB, Qualification Reforms, ONS Reclassification, Regional Governance Conferences and ETF Governance Development modules. In addition, new Governors attended Regional Induction sessions delivered by the Association of Colleges (AoC) and the Chair and Committee Chairs attended sessions specific to their roles. The Director of Governance, who already holds the Advanced Certificate in Corporate Governance, and the Interim Director of Governance, who holds the ICSA Certificate in FE Governance, have been supported to undertake training appropriate to their role, including network meetings, webinars and online training.

Governors take part in an ongoing process of self-assessment which includes reviews of the effectiveness of each meeting, reviews of compliance against statutory codes, an annual self-assessment exercise as well as reviews of effectiveness of each committee and of each individual Governor in individual performance reviews. An external review of governance was completed in December 2022 and Carole Drury, National Leader of Governance, was appointed to carry out that work, through the AoC. Findings from that process informed an action plan for the Board throughout 2022-23. The internal self-assessment processes identified the need to improve the quality and consistency of the papers submitted to Governors and to address outcomes which were below the national rate.

The Board has continued to support effective and productive engagement with the College's key stakeholders and has continued to work to develop its stakeholder engagement strategies during 2022-23.

Staffing and Remuneration Committee

Throughout the year ending 31 July 2023 the College's Staffing and Remuneration Committee comprised four members of the Corporation and a co-opted member with expertise in human resources. The Committee's responsibilities include making recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

The College has adopted the AoC's Senior Staff Remuneration Code, with compliance being monitored by the Staffing and Remuneration Committee.

Details of remuneration for the year ended 31 July 2023 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprised three members of the Corporation (excluding the Accounting Officer and Chair) and a co-opted member with relevant Audit experience and expertise. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets on at least a termly basis and provides a forum for reporting by the College's internal, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

The Committee agrees a programme of assurance work to be carried out by the College auditors and other external specialists to review the systems of internal control, risk management controls and governance processes. They report their findings to management and the Audit Committee.

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

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

Finance, Resources and Investment Committee

The Finance, Resources and Investment Committee comprised five members of the Board, including the Accounting Officer, together with the Vice-Principal (Finance and Resources). It meets at least termly and operates in accordance with written terms of reference approved by the Corporation. The Committee advises the Board on all aspects of the Board's finances, financial controls, estates maintenance and development matters, relevant policies relating to the College's resources (which are not specifically covered by another of the Board's Committees) and on any issues arising out of such matters.

INTERNAL CONTROL

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to him/her in the Financial Memorandum between Craven College and the funding bodies. They are also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Craven College for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. 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 and cash flow.
- setting targets to measure financial and other performance.
- clearly defined capital investment control guidelines.
- the adoption of formal project management disciplines, where appropriate.

The College re-appointed TIAA as internal auditors from July 2022 for a further 2-year period.

During 2022/23 the College analysed the risks to which it was exposed, and a programme of assurance was agreed with the Audit Committee. The Committee was provided with regular reports on this assurance activity in the College which included:

- Internal audit reports from TIAA.
- Management Reviews.
- Other reviews carried out by external independent bodies.

Risks faced by the Corporation

A risk register is maintained at the College level which is reviewed at every Audit Committee meeting. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. The Board considers strategic risks at every meeting and individual committees review those risks relevant to their areas of responsibility at every meeting. The Corporation is satisfied that the risk register addresses all principal risks noted in the strategic report.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

Control weaknesses identified

During the year ended 31 July 2023 no significant internal control weaknesses or failures have arisen requiring action to be taken.

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 2022/23 and up to the date of the approval of the financial statements are:

- Performance Monitoring
- Risk – Mitigating Controls
- ICT Review of Cyber Security
- Payroll, including part-time workers and agency staff
- Safeguarding
- Student Voice
- Health and Safety
- Estates Management

All recommendations raised in the reports are being or have already been implemented by the senior management team.

Review of effectiveness

As 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 the executive managers within the College who have responsibility for the development and maintenance of the internal control framework.
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive assurance reports from TIAA and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2023 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering

documentation from the senior management team, other assurance reports and taking account of events since 31 July 2023.

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

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 cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College’s forecasts and financial projections indicate that it will be able to operate within this existing facility for the foreseeable future. The College’s total value of loans outstanding at the end of the year is £125,000 in relation to finance leasing of IT assets; this is due to be repaid over the next two years.

Accordingly, having reviewed future financial projections, cash flow statements, available bank facilities and the ability of the College to meet its loan repayments, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. On this basis the College will continue to adopt the going concern basis in the preparation of its Financial Statements.

Approved by order of the members of the Corporation on 7th December 2023 and signed on its behalf by:


Alison Birkinshaw (Dec 9, 2023 15:22 GMT)

Dr Alison Birkinshaw
Chair


Anita Lall (Dec 11, 2023 07:44 GMT)

Anita Lall
Accounting Officer (Interim)

Statement of Regularity, Propriety and Compliance

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

I confirm on behalf of the Corporation that after due enquiry, and to the best of our knowledge, I am not able to identify any material irregular or improper use of funds by the Corporation, or material non-compliance with the terms and conditions of funding under the Corporation's grant funding agreements and contracts with the ESFA, or any other public funder. This includes the elements outlined in the "Dear Accounting Officer" letter of 29 November 2022 and the ESFA's bite size guides.

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


[Anita Lall \(Dec 11, 2023 07:44 GMT\)](#)

Anita Lall
Accounting Officer (Interim)
7th 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 this is materially accurate.


[Alison Birkinshaw \(Dec 9, 2023 15:22 GMT\)](#)

Dr Alison Birkinshaw
Chair
7th December 2023

Statement of Responsibilities of the Members of the Corporation

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

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

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

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

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. 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 economical, 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 the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 7th December 2023 and signed on its behalf by:

Alison Birkinshaw

Alison Birkinshaw (Dec 9, 2023 15:22 GMT)

Dr Alison Birkinshaw
Chair

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF THE CRAVEN COLLEGE

OPINION

We have audited the financial statements of Craven College (the "College") for the year ended 31 July 2023 which comprise the College Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the College Balance sheet and the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Further Education SORP 2019 and the College Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the College's affairs as at 31 July 2023 and of the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further Education SORP 2019 and the College Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

BASIS OF 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Corporation'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 Members of the Corporation with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

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

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF THE CRAVEN COLLEGE (CONTINUED)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE OFFICE FOR STUDENTS' ACCOUNTS DIRECTION

In our opinion, in all material respects:

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the Corporation's report including the Strategic report.

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

- adequate accounting records have not been kept; or
- the College financial statements are not in agreement with the accounting records and returns; or
- all the information and explanations required for the audit were not received; or
- the going concern basis of accounting and disclosure of material uncertainties is appropriate.

WE HAVE NOTHING TO REPORT IN RESPECT OF THE FOLLOWING MATTERS WHERE THE OFFICE FOR STUDENTS' ACCOUNTS DIRECTION REQUIRES US TO REPORT TO YOU IF:

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

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF THE CRAVEN COLLEGE (CONTINUED)

RESPONSIBILITIES OF MEMBERS OF THE CORPORATION

As explained more fully in the Statement of responsibilities of the Members of the Corporation, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Corporation members 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.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the responsible individual ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Corporation through discussions with the Corporation and other management;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operation of the Corporation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Corporation's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF THE CRAVEN COLLEGE (CONTINUED)

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

- performed analytical procedures as a risk assessment tool to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- tested the operating effectiveness of key controls over purchase cycles on a sample basis;
- reviewed the application of accounting policies including the application of capitalisation of tangible assets, and timing of recognition of grant income; and
- Considered during our work on regularity, propriety and compliance.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governances; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The 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 13 November 2020. 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.


[Karen Rae \(Dec 15, 2023 09:26 GMT\)](#)

Karen Rae FCCA (Senior Statutory Auditor)
for and on behalf of
Armstrong Watson Audit Limited
Chartered Accountants & Statutory Auditors
Skipton

Date: 15/12/2023

REPORTING ACCOUNTANTS ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF THE CRAVEN COLLEGE AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY (the ESFA)

In accordance with the terms of our engagement letter dated 13 November 2020 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects, the expenditure disbursed and income received by Craven College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) data returns, for which the ESFA has other assurance arrangements in place.

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

Respective responsibilities of Craven College and the reporting accountant

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

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

Approach

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

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

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

REPORTING ACCOUNTANTS ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF THE CRAVEN COLLEGE AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY (the ESFA)

The work undertaken to draw our conclusion includes:

- A review of the accuracy of the Corporation's self-assessment of compliance with regularity and propriety requirements and review of appropriate evidence and documentation;
- Review of expenditure systems for compliance with Corporation policy and scheme of delegation.;
- Consideration of staff expense claims in line with policy;
- Review of procedures in respect of government procurement cards;
- Review of Corporation minutes; and
- Consideration of advisory matters from internal auditors reports.

Conclusion

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



[Karen Rae \(Dec 15, 2023 09:26 GMT\)](#)

Karen Rae, FCCA
For and on behalf of
Armstrong Watson Audit Limited
Chartered Accountants & Statutory Auditors
Skipton

Date: 15/12/2023

Statement of Comprehensive Income and Expenditure

		Notes	2022/23	2021/22
			£'000	£'000
INCOME				
Funding body grants	2		11,858	11,088
Tuition fees and education contracts	3		1,962	1,985
Other grants and contracts	4		396	438
Other income	5		407	324
Investment income	6		33	3
Total income			14,656	13,838
EXPENDITURE				
Staff costs	7		10,082	10,187
Other operating expenses	8		4,965	3,742
Depreciation	10		1,065	892
Interest and other finance costs	9		(5)	114
Total expenditure			16,107	14,935
Deficit before other gains and losses			(1,451)	(1,097)
Profit on disposal of assets			2	-
Deficit for the year			(1,449)	(1,097)
Actuarial gain in respect of pensions schemes			298	8,617
Effect of pension asset ceiling				(706)
Total Comprehensive Income for the year			(1,151)	6,814
Represented by:				
Restricted comprehensive income			-	-
Unrestricted comprehensive income			(1,151)	6,814
			(1,151)	6,814

The Statement of Comprehensive Income is in respect of continuing activities.

Statement of Changes in Reserves

College	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1 August 2021	(677)	269	(408)
Deficit from the income and expenditure account	(1,097)	-	(1,097)
Other comprehensive income	8,617	-	8,617
Effect of pension asset ceiling	(706)	-	(706)
Transfers between revaluation and income and expenditure reserve	13	(13)	-
Balance at 31 July 2022	6,827	(13)	6,814
Balance at 1 August 2022	6,151	256	6,407
Deficit from the income and expenditure account	(1,449)	-	(1,449)
Other comprehensive income	298	-	298
Effect of pension asset ceiling	-	-	-
Transfers between revaluation and income and expenditure reserve	13	(13)	-
Total comprehensive income for the year	(1,138)	(13)	(1,151)
Balance at 31 July 2023	5,013	243	5,256

Balance sheet as of 31 July 2023

	Notes	College 2023 £'000	College 2022 £'000
Non-current assets			
Tangible Fixed assets	10	10,175	10,370
Total non-current assets		10,175	10,370
Current assets			
Stocks		-	17
Trade and other receivables	11	897	726
Assets held for resale	10	486	486
Cash and cash equivalents	15	845	1,673
		2,228	2,902
Less: Creditors – amounts falling due within one year	12	(2,696)	(3,248)
Net current assets/(liabilities)		(468)	(346)
Total assets less current liabilities		9,707	10,024
Creditors – amounts falling due after more than one year	13	(4,452)	(3,618)
Provisions			
Defined benefit obligations	20	-	-
Total net (liabilities)/assets		5,255	6,406
Unrestricted Reserves			
Income and expenditure account		5,012	6,150
Revaluation reserve		243	256
Total unrestricted reserves		5,255	6,406

The financial statements on pages 35 to 56 were approved and authorised for issue by the Corporation on 7th December 2023 and were signed on its behalf on that date by:

Alison Birkinshaw

Alison Birkinshaw (Dec 9, 2023 15:22 GMT)

Dr Alison Birkinshaw
Chair

Anita Lall

Anita Lall (Dec 11, 2023 07:44 GMT)

Anita Lall
Accounting Officer (Interim)

Statement of Cash Flows

	Notes	2023 £'000	2022 £'000
Cash flow from operating activities			
Deficit for the year		(1,449)	(1,097)
Adjustment for non-cash items			
Depreciation	10	1,065	892
(Increase)/decrease in stocks		17	-
Decrease in debtors	11	(170)	(117)
Increase/(decrease) in creditors due within one year	12	(555)	673
(Decrease)/Increase in creditors due after one year	13	920	(199)
Pensions costs less contributions payable	20	312	1,157
Adjustment for investing or financing activities			
Investment income	6	(33)	(3)
Interest payable	9	(5)	114
(Profit)/Loss on sale of fixed assets		(2)	-
Net cash flow from operating activities		100	1,420
Cash flows from investing activities			
Proceeds from sale of fixed assets		2	4
Interest receivable	6	33	-
Payments made to acquire fixed assets	10	(870)	(1,237)
		(835)	(1,233)
Cash flows from financing activities			
Interest paid	9	(9)	(8)
New unsecured loans		-	-
Repayments of amounts borrowed		(84)	(112)
		(93)	(120)
Increase/(Decrease) in cash and cash equivalents in the year		(828)	67
Cash and cash equivalents at beginning of the year	15	1,673	1,606
Cash and cash equivalents at end of the year	15	845	1,673

Notes to the Accounts

1 Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2022-3* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

Going concern

The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The college has made a deficit in the year of £1,451,000 (2021/22: £1,097,000) before the actuarial movement on the pension scheme, and a total deficit of £1,151,000 (2021/22: £6,814,000 surplus) including the actuarial movement on pensions.

The college has net current liabilities of £468,000 (2021/22: £346,000 net current liabilities) and total surplus on reserves of £5,255,000 (2020/21: £6,406,000 surplus on reserves).

Notwithstanding the above the Corporation confirm the college continues to be a going concern, without the pension liability the College has net assets of £5,255,000 (2021/22: £6,406,000), and all pension liability contributions are payable by employer contributions over a long-term duration and all contributions over the medium term can be met from cash flows.

Accordingly, the Corporation has reviewed future financial projections, cash flow statements, available bank facilities and the ability of the College to meet its liabilities; and they confirm the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. On this basis it has adopted the going concern basis in the preparation of its Financial Statements.

Recognition of Income

Revenue Grant Funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved.

Any under or over achievement for the Adult Skills 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 the OFS represents the funding allocations attributable to the current financial year and is credited directly to the Statement of Comprehensive Income and Expenditure.

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

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

Capital Grant Funding

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

Fee Income

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

Investment Income

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

Monies from the disposal of fixed assets are recognised when all conditions in the contract have been satisfied.

Agency arrangements

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

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

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

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 other recognised gains and losses.

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

The effect of asset ceiling on the LGPS pension scheme is applied to ensure an asset is not reflected in the Financial Statements.

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.

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the FE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

Land and buildings

Freehold buildings are depreciated on a straight-line basis over their expected useful lives as follows:

- Freehold buildings 20 – 50 years
- Major adaptations and Refurbishments 20 – 50 years

Freehold land is not depreciated as it is considered to have an infinite useful life.

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

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

Fixtures, Fittings and Equipment

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

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

- Motor vehicles 4 years
- Computer equipment 3 years
- IT infrastructure 5 years
- Furniture, fixtures and fittings 3 - 10 years

Borrowing costs

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

Leased assets

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

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

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. 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.

Stocks

Stocks, where recognised, are stated at the lower of their cost and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

Cash and cash equivalents

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

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

Financial liabilities and equity

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

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

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of

exchange ruling at the end of the financial period with all resulting exchange differences being taken to the statement of comprehensive income in the period in which they arise.

Taxation

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

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

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

Judgements in applying accounting policies

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these

assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 to value the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding body grants

	Year ended 31 July	Year ended 31 July
	2023	2022
	£'000	£'000
Recurrent grants		
ESFA – 16-18	8,453	7,754
ESFA - Apprenticeships	1,671	1,639
ESFA - Adult education budget	613	642
WYCA – Adult education budget	390	408
Office for Students	59	63
Specific grants		
Teacher Pension Scheme contribution grant	248	229
Releases of government capital grants	424	353
Total	11,858	11,088

3 Tuition fees and education contracts

	Year ended 31 July	Year ended 31 July
	2023	2022
	£'000	£'000
Adult education fees	418	364
Apprenticeship fees and contracts	22	26
Fees for FE loan supported courses	237	280
Fees for HE loan supported courses	521	540
Total tuition fees	1,198	1,210
Education contracts	764	775
Total	1,962	1,985

4 Other grants and contracts

	Year ended 31 July	Year ended 31 July
	2023	2022
	£'000	£'000
Other grants and contracts	396	438
Total	396	438

5 Other income

	Year ended 31 Jul 2023 £'000	Year ended 31 Jul 2022 £'000
Catering and residences	262	182
Other income generating activities	60	56
Miscellaneous income	85	86
Total	407	324

6 Investment income

	Year ended 31 Jul 2023 £'000	Year ended 31 Jul 2022 £'000
Other interest receivable	33	3
Total	33	3

7 Staff costs

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

	2022/23 No.	2021/22 No.
Teaching staff	232	214
Non-teaching staff	130	143
	362	357

Staff costs for the above persons

	2023 £'000	2022 £'000
Wages and salaries	7,644	7,066
Social security costs	622	562
Other pension costs	1,810	2,538
Payroll sub total	10,077	10,166
Restructuring costs – Contractual	5	21
Total Staff costs	10,082	10,187

Included in Wages and salaries are self-employed and temporary staff costs of £350,000 (2021/22: £391,000).

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team which included during the year the Principal, the Interim Principal, the Vice Principal Curriculum and Quality, the Vice Principal Finance and Resources, two Interim Assistant Principals for Curriculum and the Interim Assistant Principal for Quality.

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

	2023	2022
	No.	No.
The number of key management personnel including the Accounting Officer was:	9	8

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

	Key management personnel	
	2023	2022
	No.	No.
£5,001 to £10,000 p.a.	1	1
£15,000 to £20,000 p.a.	1	1
£20,001 to £25,000 p.a.	1	1
£30,000 to £35,000 p.a.	1	1
£40,001 to £45,000 p.a.	-	1
£45,001 to £50,000 p.a.	-	-
£50,000 to £55,000 p.a.	2	-
£60,000 to £65,000 p.a.	1	-
£70,001 to £75,000 p.a.	1	2
£95,000 to £100,000 p.a.	1	-
£110,001 to £115,000 p.a.	-	1
	9	8

Key management personnel emoluments are made up as follows:

	2023	2022
	£'000	£'000
Salaries	361	355
Benefits in kind	-	-
Pension contributions	78	78
Total key management personnel compensation	439	433

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The above emoluments include amounts payable to the Principal who is the Accounting Officer and who is also the highest paid member of staff:

	2023	2022
	£'000	£'000
Salaries	129	114
Pension Contributions	29	27
	158	141

There was a change in post holder part way through the year which resulted in a period of parallel running of the Principal resulting in additional costs. The salary of the Principal has not increased in the year.

The governing body adopted AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principals.

The remuneration package of key management staff, including the Principal, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance. The remuneration committee assesses the corporation's performance against KPIs and the attainment of students in the year, as well as the progress against the college's long term strategic objectives when reviewing the remuneration package of the key management personnel, including the Principal and Chief Executive. Qualitative measures of success, such as level of engagement of the staff and students are also considered.

The level of pay is benchmarked against the pay of similar colleges in the prior financial year, taken from their financial statements, and the general trend within the sector is also considered.

As the Principal is currently an interim position, combined with the College's financial performance, there has been no change in salary of the senior post holders.

Relationship of the Principal's hourly equivalent rate of pay and hourly equivalent for all staff expressed as a multiple is shown below:

	2023	2022
Principal's basic salary as a multiple of the median of all staff	4.12	4.24
Principal's total remuneration as a multiple of the median of all staff	4.21	4.30

8 Other operating expenses

	2023	2022
	£'000	£'000
Teaching costs	1,079	899
Non-teaching costs	2,385	1,887
Premises costs	1,501	956
Total	4,965	3,742

Other operating expenses include:

	2023	2022
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	22	21
Extended Assurance Services	-	-
Other services provided by the financial statements' auditor	-	1
Internal Audit fees	20	17
Hire of assets under operating leases	826	219

9 Interest and other finance costs

	2023	2022
	£'000	£'000
On bank loans, overdrafts and other loans:	9	8
Net Interest on defined pension liabilities (note 19)	(14)	106
Total	(5)	114

10 Tangible Fixed Assets

	Freehold Land and buildings £'000	Fixtures and Fittings £'000	Equipment £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation					
At 1 August 2022	16,684	1,588	6,350	565	25,187
Additions	8	157	466	239	870
Disposals	-	-	(4)	-	(4)
Transfer of assets under construction	191	-	374	(565)	-
At 31 July 2023	16,883	1,745	7,186	239	26,053
Depreciation					
At 1 August 2022	8,541	845	5,431	-	14,817
Charge for the year	493	168	404	-	1,065
Elimination in respect of disposals	-	-	(4)	-	(4)
At 31 July 2023	9,034	1,013	5,831	-	15,878
Net book value at 31 July 2023	7,849	732	1,355	239	10,175
Net book value at 31 July 2022	8,143	743	919	565	10,370

Inherited Land and Buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the College on a depreciated cost basis.

Land and buildings with a net book value of £295,000 have been financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum, to surrender the proceeds.

Included within equipment are assets under finance lease at cost of £250,000 (2021/22: £250,000), accumulated depreciation of £125,000 (2021/22: £41,000) resulting in a net book value of £125,000 (2021/22: £209,000).

If Inherited Land and Buildings had not been revalued, they would have been included at the following historical cost amounts:

	£'000
Cost	nil
Aggregate depreciation based on cost	nil
Net book value based on cost	Nil

Assets Held For Sale

Assets held for sale at 31st July 2023 comprises of the property at High Street Skipton, BD23 1JY. The asset is held at cost of £486,000, (2021/22 £486,000). These assets were transferred from Fixed Assets at a cost of £953,000 and depreciation to date of £467,000. This asset was financed by Exchequer Funds. The proceeds from the sale of the asset will not be subject to surrender.

11 Trade and Other Receivables

	2023	2022
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	44	25
Prepayments and accrued income	576	572
Amounts owed by the ESFA	277	129
Total	897	726

12 Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Other Loans	-	2
Obligations under finance leases	86	82
Trade payables	237	530
Other taxation and social security	157	135
Accruals and deferred income	1,434	1,663
Deferred income - government capital grants	424	408
Deferred Income - government revenue grants	-	-
Amounts owed to the ESFA	357	428
Total	2,695	3,248

13 Creditors: amounts falling due after one year

	2023	2022
	£'000	£'000
Obligations under finance leases	39	125
Deferred income - government capital grants	4,413	3,493
Total	4,452	3,618

14 Maturity of Debt

	2023	2022
	£'000	£'000
In one year or less	86	84
Between one and two years	39	125
Between two and five years	-	-
Total	125	209

15 Cash and cash equivalents

	At 1 August 2022	Cash flows	Other changes	At 31 July 2023
	£'000	£'000	£'000	£'000
Cash and cash equivalents	1,673	(828)	-	845

Total	1,673	(828)	-	845
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16 Capital and other commitments

	2023	2022
	£'000	£'000
Commitments contracted for at 31 July	<u>51</u>	<u>286</u>

17 Lease obligations

At 31 July 2023 the College had minimum lease payments under non-cancellable operating leases (covering campuses at Auction Mart, Ripon and Scarborough and Leeds Bradford Airport) as follows:

	2023	2022
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	378	226
Later than one year and not later than five years	1,459	640
Later than five years	4,751	843
	<u>6,589</u>	<u>1,709</u>
Other		
Not later than one year	272	307
Later than one year and not later than five years	85	321
	<u>357</u>	<u>628</u>
	<u>6,947</u>	<u>2,337</u>

18 Events after the reporting period

There have been no reportable events after the reporting period.

19 Contingencies

At 31 July 2023 the College had no contingent liabilities.

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2022.

Total pension cost for the year	2023	2022
	£'000	£'000
Teachers' Pension Scheme: contributions	669	651
Local Government Pension Scheme:		
Contributions paid	829	730
FRS 102 (28) charge	312	1,157
Charge to the Statement of Comprehensive Income	1,141	1,887
Enhanced pension charge to Statement of Comprehensive Income	-	-
Total Pension Cost for Year within staff costs	1,810	2,538

Contributions amounting to £93,032 were payable to the Local Government Pension Scheme and contributions amounting to £78,668 were payable to the Teachers Pension Scheme as of 31 July 2023 and are included within accruals and deferred income. These contributions relate to amounts due to the schemes for July 2023 and were paid over in August 2023.

Teachers' Pension Scheme

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

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

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

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

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

The latest actuarial review of the TPS was carried out as of 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019.

The valuation reported total scheme liabilities (pensions currently in payment and the estimated costs of future benefits) for service to the effective date of £218 billion and the notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196 billion giving a notional past service deficit of £22 billion.

As a result of the valuation new employer contribution rates were set at 23.68% (previously 16.48%) of pensionable pay from September 2019 onwards.

The DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021-22 and 2022-23 financial year.

A full copy of the valuation report and supporting documentation can be found on the [Teachers' Pension website](#).

The pension costs paid to TPS, including staff contributions, in the year amounted to £904,000 (2021/22: £883,000).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by North Yorkshire County Council. The total contributions made for the year ended 31 July 2023 were £1,064,000, of which employer's contributions totalled £829,000 and employees' contributions totalled £235,000. The agreed contribution rates for future years are 20.9% for employers (20% from April 24; 19% from April 25) and range from 5.5% to 9.9% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund on 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	3.85%	3.85%
Future pensions increases	2.60%	2.60%
Discount rate for scheme liabilities	5.00%	3.40%
Inflation assumption (CPI)	2.60%	2.60%

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

	At 31 July 2023 Years	At 31 July 2022 Years
<i>Retiring today:</i>		
Males	22.0	21.8
Females	24.5	23.8
<i>Retiring in 20 years:</i>		
Males	22.9	23.5
Females	25.5	25.7

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

	Long-term rate of return expected at 31 July 2023	Fair Value at 31 July 2023 £'000	Long-term rate of return expected at 31 July 2022	Fair Value at 31 July 2022 £'000
Equity instruments	53.8%	14,098	51.6%	13,254
Government Bonds	10.6%	2,778	13.4%	3,442
Corporate Bonds	6.9%	1,808	7.4%	1,901
Property	6.6%	1,730	8.3%	2,132
Cash	0.1%	26	0.4%	103
Other	22.0%	5,765	18.9%	4,855
Total fair value of plan assets	100%	26,205	100%	25,687

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

	2023	2022
	£'000	£'000
Fair value of plan assets	26,205	25,687
Present value of plan liabilities	(21,432)	(24,981)
Adjustment in respect of unrecognised asset	(4,773)	-
Net pensions asset/(liability)	-	706

The actual return on assets in the year was a deficit of £887,000 (2021/22: £3,515,000 deficit).

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

	2023	2022
	£'000	£'000
Amounts included in staff costs		
Current service cost	1,141	1,887
Past service cost	13	69
Total	1,154	1,956
Amounts included in interest and other finance costs		
Net interest expense	(14)	106
Pension expense recognised in profit and loss	1,140	2,062
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	(887)	(3,515)
Experience losses arising on defined benefit obligations	5,227	12,135
Adjustment in respect of 28.22	(4,042)	-
Amount recognised in Other Comprehensive Income	298	8,620
Movement in net defined benefit (liability) during year		
	2023	2022
	£'000	£'000
Net defined benefit (liability) in scheme on 1 August	706	(6,651)
Movement in year:		
Current service cost	(1,411)	(1,887)
Past Service Cost Employer contributions	(13)	(69)
Employer Contributions	842	799
Net interest on the defined (liability)	39	(106)
Actuarial gain or loss	4,340	8,620
Net defined benefit (liability)/asset on 31 July	4,773	706

Asset and Liability Reconciliation

	2023	2022
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	24,981	35,164
Current service cost	1,141	1,887
Interest cost	844	593
Contributions by Scheme participants	233	212
Experience gains and losses on defined benefit obligations	(5227)	(12,135)
Past Service Cost	13	69
Net benefits paid out	(553)	(809)
Defined benefit obligations at end of period	21,432	24,981
	2023	2022
	£'000	£'000
Changes in fair value of plan assets		
Fair value of plan assets at start of period	25,687	28,513
Interest on plan assets	883	487
Return on plan assets	(887)	(3,515)
Employer contributions	842	799
Contributions by Scheme participants	233	212
Net benefits paid out	(553)	(809)
Fair value of plan assets at end of period	26,205	25,687

Sensitivity analysis on significant actuarial assumptions

The following table summarises the impact on the defined benefit obligation at the end of the reporting period if each of the significant actuarial assumptions were changed, in isolation, assuming no other changes in market conditions at the accounting date. In practice any movement in assumptions could be accompanied by a partially offsetting change in asset values, and the corresponding overall impact on the net asset/(liability) is therefore likely to be lower than the amounts below in a number of scenarios. Extrapolation of the sensitivities shown may not be appropriate.

		2023	2022
		£'000	£'000
Rate of increase in salaries	+/-0.1%	+/-661	+/-1,102
Future pensions increases	+/-0.1%	+661/-661	+1,142/-1,063
Discount rate for scheme liabilities	+/-0.1%	+633/-689	+1,063/-1,142
Mortality rate increases	+/- 1 years	+685/-637	+1,143/-1,061

21 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 £166; 2 governors (2021/22: nil). 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 remuneration or waived payments from the College during the year (2021/22: None).

Craven Rural and Business Skills Centre Limited

Craven Rural and Business Skills Centre Limited is a company limited by guarantee from which the College rents property. The College's Interim Principal, Anita Lall, and former Principal, Lindsey Johnson, are Directors of the Company. The College's Vice Principal Finance and Resources, Gareth Dixon is the Company Secretary, appointed June 2020. Purchase transactions with the Company in the year amounted to £31,218 (2021/22: £28,080) with £nil (2021/22: £nil) outstanding at the year-end. There were no sales transactions with company during the year.

Skipton BID Limited

A Business Improvement District (BID) is a defined area where businesses work as a partnership to improve their trading environment. In England and Wales, BIDs were introduced through legislation (the Local Government Act 2003) and subsequent regulations in 2004. Skipton BID Limited manages the levies charged on all business rate payers in addition to the business rates bill. The College Interim Principal, Anita Lall, was appointed as a director May 2023. Purchase transactions with the Company in the year amounted to £nil (2021/22: £nil). There were £3,570 of sales transactions with the company during the year (2021/22: nil).

Drake Lane Associates

Ed Drake, a Governor, is also the majority shareholder of Drake Lane Associates. Purchase transactions with the company in the year amounted to £5,870 (2021/22: £15,044) with £nil (2021/22: £nil) balance outstanding at the year end. There were no (2021/22: £nil) sales transactions with the company during the year.

Cambridge Access

Anita Lall, Interim Principal, was appointed as a Director of Cambridge Access Validating Agency August 2022. Purchase transactions with the company in the year amounted to £6,798 (2021/22: £9,075) with £nil (2021/22: £nil) balance outstanding at the year end. There were no (2021/22: £nil) sales transactions with the company during the year.

Yorkshire and Humber Institute of Technology

The College's Interim Principal, Anita Lall, was appointed as Director of the consortium in January 2023. The Yorkshire & Humber Institute of Technology is a consortium of colleges, which is one of twelve Institutes of Technology across the country designed to increase higher level technical skills for employers. York College is working alongside eight other educational partners: Askham Bryan College, Bishop Burton College, Craven College, East Riding College (now East Riding TEC), Grimsby Institute of Further and Higher Education (Scarborough TEC) and Selby College, as well as the University of Hull and University of York St John, to deliver the Institute of Technology in Yorkshire and the Humber.

During the year the college received no grant funding (2021/22 £nil). Purchase transactions with York College, on behalf of the company, in the year amounted to £9,632 (2021/22: £9,631) with £nil (2021/22: £nil) balance outstanding at the year end. There were no sales transactions with the company during the year.

22 Lottery Grant Funding

	2023	2022
	£'000	£'000
The College received grant funding during the year from the Big Lottery Fund. These funds were held for work with troubled families.		
Opening balance	56	33
Amounts claimed in the year	(190)	(200)
Grant received during the period	<u>134</u>	<u>223</u>
To be claimed	<u>0</u>	<u>56</u>



Annual Report and Financial Statements

Final Audit Report

2023-12-15

Created:	2023-12-08
By:	Sam Hutt (sam.hutt@armstrongwatson.co.uk)
Status:	Signed
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