



Newbury College

Newbury College
Annual Report and Financial Statements
Year ended 31 July 2023



Newbury College

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Newbury College

Reference and Administrative Details

Corporation Board of Governors

To July 2023

Sally Osmond (Chair)
Glyn Howells (Vice Chair)
Alfie Greener (to 24/04/23)
Chelsea Cordiner (to 24/04/23)
Iain Wolloff (Principal & Chief Executive)
Javaid Iqbal
Lauren Bailey (to 31/07/23)
Martin Hamer (to 01/05/23)
Nick Fox (to 01/01/23)
Peter Lambert
Sam Dibas
Shelly Van Meter
Sue Richardson
Tom Rossiter
Christopher Wilson (from 17/07/23)
Stuart Compton
Tim Major
Julian Cooper
Clerk: Richard Lee (to 03/06/23)
Clerk: Heather Large (from 16/08/23)

Senior Leadership Team

Iain Wolloff	Principal & Chief Executive
Lee Hunt	Deputy Principal & Vice Principal – FE & Curriculum
Cathy Wright	Vice Principal – Central Services
Jo Houghton	Vice Principal – HE & Skills
Didem Allen	Director of Finance (to 03/02/23)
Don Everitt	Director of Finance (from 02/02/23 to 19/09/23)
Paula Powditch	Director of Finance (from 18/09/23)

Principal and Registered Office

Monks Lane, Newbury, Berkshire, RG14 7TD

Professional Advisors

External Auditors	Alliotts LLP, Friary Court, 13 -21 High Street. Guildford. Surrey. GU1 3DL
Internal Auditors	Mazars LLP, 90 Victoria Street, Clifton, Bristol, BS1 6DP
Solicitors	Bevan Brittan, Kings Orchard, 1 Queen Street, Bristol BS2 0HQ
Bankers	Lloyds, 3-5 Bridge Street, Newbury, Berkshire, RG14 5BQ

Newbury College

Strategic report

OBJECTIVES AND STRATEGY

The Corporation Board of Governors present their annual report together with the financial statements and auditor's report for Newbury 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 Newbury College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Purpose, Vision, & Values

Purpose - Why we are here

We believe in: Creating opportunities to transform lives

Vision - We will:

- Enable people to excel in their careers and in their lives
- Support business success by developing talented people
- Provide high quality resources for learning by securing and sustaining financial strength
- Build opportunities for all members of our community through an inclusive and respectful culture
- Deliver excellent learning, by appointing, retaining, and developing innovative professional staff
- Act as a hub for the community to inspire the value of education
- Create a sustainable learning environment and reduce our impact on climate change

Values

How we aim to behave

<i>Aspiration</i>	<ul style="list-style-type: none">• being ambitious for individuals and for the quality of provision• inspiring innovation and creativity
<i>Integrity</i>	<ul style="list-style-type: none">• acting with uncompromising integrity in everything we do• taking responsibility for own development
<i>Respect</i>	<ul style="list-style-type: none">• listening to all members of the College community• fostering a culture of respect for their rights, differences, and liberties

Strategy

The strategy for Newbury College and the UCN aims to provide clarity for all stakeholders (students, staff, governors, employers, parents, and the community) about the purpose of the College and what we aim to achieve between 2021 to 2024. The effects of the pandemic have had a profound influence on all aspects of society and have brought about many changes to the operation of the College. In order to play a significant role in the recovery of the economy and of the local community, we have undertaken a full review of the College's purpose, vision for the future, values, and core business.

The College has been an important part of the educational landscape of the area for over seventy years and we will continue to develop a 'learning campus', which meets the needs of local people and of the economy. We are committed to developing and maintaining partnerships with a wide range of organisations to achieve our vision and to fulfil our core purpose of *Creating opportunities to transform lives*.

The College vision includes an important commitment to 'Create a sustainable learning environment and reduce our impact on climate change'. In 2021 the College committed to the national initiative of the 'Climate Action Roadmap for FE Colleges' and has developed its own detailed plans for action.

Resources

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

- The College employs 283 people, who comprise 182 FTE and 303 positions within the College.
- The College enrolled 769 learners aged 16-18, 251 apprentices and 2,924 adults.
- The College has £4.84 million of net assets including £1.8 million pension liability and long-term debts of £6.07 million made up of debt in respect of the Private Finance Initiative (PFI) contract (funding for the main College building) and deferred capital grants. Tangible fixed assets have net book value of £12.73 million and there is a cash balance of £1.49m.
- The College has a 38-acre campus which comprises the Main College Learning Centre, Sports, and Construction Centre and approximately 10 acres of undeveloped land.
- The sale of an area of land of c.8 acres to the east of the campus was completed in September 2023, for the development of a mixed-use facility to be known as Mayfield Point, as part of the strategic plan to ensure the College's financial health. The first capital payment was received in September 2023 and the remaining payments will be received in three tranches over the next two to three years.
- The primary school (Highwood Copse) built at the southern end of the campus was completed in November 2020 and opened in September 2021. After two very successful years of operation, the Newbury College Academy Trust was merged with Thames Learning Trust in July 2023
- Over the Summer of 2020, a large area of the College was refurbished and benefited from a major investment in technology, creating the University Centre Newbury (UCN). This was funded by the Thames Valley Local enterprise partnership (LEP).
- In September 2021 the Renewables Centre was launched, with c.£500K investment from the Local Enterprise Partnership (LEP), providing technical training in low carbon energy installations.
- The College has a positive reputation locally and nationally. Maintaining a quality brand is essential for the College success in attracting students and maintaining external relationships. The inspection result in August 2023 recognised both good and outstanding provision, and some specific areas which the College is working to improve. The inspection focussed on the College's provision for further education students and for apprentices but did not include all of the young people undertaking T Level pathways. Nor did it consider the College's higher education provision within the UCN, apart from degree apprenticeships which were rated as outstanding.

Stakeholders

The College has many stakeholders including:

- its current, future and past students;
- its staff and the trades unions of which they are members;

- the employers it works with;
- funding bodies, government departments and professional bodies;
- its partner schools, colleges, and universities;
- the wider FE college community and surrounding schools;
- its local authority and the Local Enterprise Partnership

DEVELOPMENT AND PERFORMANCE

Financial Results

The College generated a deficit before other gains and losses of £1,354k (2021/22 a deficit of £1,085k). The deficit after interest and depreciation of £1,354k includes FRS102 charges of £343k. This is due to the lagged effect of the decline in the discount rate on pension costs. This adverse variance, which is a non-cash entry, has largely been offset by better income and cost savings. Without the FRS102 pension adjustments, the deficit is £1,011k.

The College generated a deficit before tax and pension gains and losses of £1,354k (2021/22 a loss of £1,085k).

In September 2002 the College building was opened under a PFI contract and the resulting Unitary Charge commenced. In accordance with Financial Reporting Standards the assets are shown in the balance sheet and depreciated.

After accounting for pension liabilities (FRS102) the College has positive accumulated reserves of £4,840k, a revaluation reserve balance of £171k and I&E reserve of £4,669k.

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 and HE funding bodies provided 87% of the College's total income.

FUTURE PROSPECTS

Curriculum Developments

The curriculum plan for the next three years is linked to the skills agenda and the developing local skills improvement plans which the college is a key partner in forming. The key considerations are linked to the level 3 funding changes which do not significantly impact on the college offer as adaptations have already been made and planned for. Key areas of focus for this are the delivery of protective services moving forward and what this looks like, which is unknown at present, and the T level offer continuing developments including: the evolution of the Catering and Hospitality provision linked to the development of a catering academy working in partnership with the Vineyard Group, the transfer of the Creative Media, Art and Music offer to the Creative and Design T level Route, and the move from a level 3 Health and Social Care offer to an apprenticeship.

Entry, Level 1 and 2 provision is a significant part of the full time offer and the development of the T level transition has been developed well with the college being seen as a leading provider nationally.

The further expansion of the offsite provision which supports the development of the young talent within the region linked to the development of learners ready for the world of work and the skills shortages in the physical rehabilitation, fitness and health and lifestyle sector. For example, the national shortages in physiotherapy, occupational therapy, diet and nutrition, and sports injury rehabilitation.

The adult learning growth is covered through several strategies that are long term. The support of the skills agenda and the changing landscape in adult funding is the main driver for this work. In summary the focus on distance learning linked to the health care sector and the outlined national and regional shortages allows for a larger portfolio and more opportunity to meet the adult education budget allocation. This work is being completed in partnership with national providers such as Skills Network. There is further scope to expand this delivery model with the college developing its own platform and learner find.

Language courses and photography are run centrally along with key skills development courses in digital, English and Mathematics. Significant growth has been seen with community learning and the support of refugees from Hong Kong, the Middle East and Ukraine.

The changes in the adult funding methodology linked to devolution is an ongoing unknown that the college is preparing for and considering in the longer-term planning. The appointment of a focused programme leader for the AEB is key to this and was achieved in July 2023. We know devolution is coming and the proposed date is late 2025. However, currently, this is all we know.

Estates strategy

The College Estates Strategy for 2021/26 was revised and approved by the Corporation in March 2022. The strategy is based on five core principles:

1. High quality learning spaces support high quality delivery
2. Specialist learning spaces are necessary but flexibility to change future uses is important
3. The buildings are a key asset and need to be maintained to a good standard
4. The visual appeal of the campus is important, and any future developments need to be designed to maintain this ambience
5. Achieving a low carbon campus is a high priority

The key strategic drivers relevant to accommodation and property are:

1. Increasing demographic of 16-18-year-olds in West Berkshire of 15% to 2028.
2. New curriculum delivery models with the introduction of T Levels from 2022 onwards
3. Growth in HE and higher-level skills following completion of the first phase of the UCN
4. Continued ambition for growth of Apprenticeships
5. Continued drive to meet the LEP objectives
6. Ensuring that learners and staff are at the heart of everything the College does
7. A whole College Sustainability Strategy with clear goals to achieve carbon neutrality, based round the global Sustainability Development Goals (SDG)

Financial plan

The College governors set a five-year financial plan at their July Corporation meeting. Cashflow forecasting is monitored on a 24-month rolling basis.

Treasury policies and objectives

The College has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. All borrowing requires the authorisation of the ESFA.

Cash flows and liquidity

Net cash flow from operating activities was an inflow of £140,000 (2021/22 £1,185,000 inflow).

Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. The College currently holds no restricted reserves. As at the balance sheet date the Income and Expenditure reserve stands in credit at positive £4,669,000 (2021/22: positive reserves of £2,598,000). It is the Corporation's intention to continue to improve the reserves position over the life of the strategic plan by limiting operational losses during the duration of the PFI contract and liquidising assets where appropriate.

Going concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence. The impact of the pandemic and the inability to flex PFI costs have caused significant pressure on liquidity. A programme of key mitigating actions is being taken by the Senior Leadership Team. A receipt of £103k was received in November 2022 and a receipt of £1m was received in September 2023 related to the sale of land. Therefore, the college continues to adopt the going concern basis in preparing the financial statements. Further details are given in the Accounting Policies. (See note 1 'Going Concern').

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management

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

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

The main potential risk factors affecting the College are outlined below. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College. Each of these key risks is controlled thorough an existing series of mitigating actions and a plan of further actions to further reduce risk.

- Safeguarding
 - An individual or group of individuals come to harm due to inadequate safeguarding/safety procedures, policies or the lack of understanding and adherence to them
- Financial
 - The College fails to generate the level of income required to achieve an underlying cash neutral position
 - The College fails to control expenditure in-line with the plan to achieve a cash neutral position
 - The College experiences cashflow difficulties.
 - The College is subject to a significant fraud resulting in financial loss
- Quality
 - The College fails to meet standards of quality expected by its stakeholders and regulatory bodies (e.g. ESFA, Ofsted, OFS) resulting in damage to reputation and a decline in student numbers

- Compliance
 - Failure to comply with Government, Regulatory Body, legislation and internal policies and procedures leads to a detrimental impact on the assets of the College
- Staff
 - Failure to attract and retain high calibre staff
- Leadership
 - The College fails to meet the Strategy as a result of the dilution of resources over multiple competing projects
- Resources
 - The College suffers financial loss due to ineffective management of the PFI handover period
 - The College suffers financial loss due to poor management of assets
- Reputation
 - The College staff or students are subject to cyber-attack, resulting in a data breach with financial and reputational consequences
 - The College is unable to provide full educational services due to emergency shutdown e.g. Pandemic, Fire, Flood, Terrorist attack
 - The College experiences other reputational damage
- Climate
 - The College experiences reputational damage by failing to keep pace with environmental initiatives (in line with expectations of key stakeholders)

KEY PERFORMANCE INDICATORS

College goals have now been updated and revised as a ‘balanced scorecard’ in the new Strategy, approved by the Corporation Board at the end of 2022/23.

	Indicator	What is measured	College Goal by 2024	Rating 22/23
Student outcomes & Progress	FE Outcomes	<i>FE overall achievement rate</i>	Top Quartile	
	Apprenticeship Outcomes	<i>Apprenticeship overall achievement rate</i>	Top Quartile	
	HE Outcomes	<i>Degree classifications</i>	Exceed sector average	
	16-18 positive progression	<i>16 to 18 positive destination rate</i>	Top Quartile	
	Adult sustained positive destinations	<i>Adult sustained positive destination rate</i>	Top Quartile	
	HE Destinations	<i>Employment and/or study destinations</i>	Exceed sector average	
Wellbeing	Learner satisfaction	<i>Overall learner satisfaction score</i>	Top Quartile	
	Safeguarding	<i>Rating of ‘Feel safe’</i>	Top Quartile	
	Equality, Diversity & Inclusion	<i>Rating of ‘All treated fairly & equally’</i>	Top Quartile	
Economy	Employer satisfaction	<i>Overall employer satisfaction score</i>	Top Quartile	
	Employer engagement	<i>Achievement of the eight benchmarks</i>	100% Achievement	
People	Staff survey	<i>Overall staff satisfaction</i>	95% Satisfaction	
	Digital Transformation	<i>Progress against College Digital Vision</i>	90% Green	
Finances	Growth	<i>Growth in income</i>	Income of £11 Million	
	Financial health	<i>Overall financial health rating</i>	Good	
Community	Climate Action	<i>Progress against FE Climate Roadmap</i>	‘Established’ College Status	
	Community	<i>Events on campus</i>	10 annual events	

OTHER INFORMATION

Public Benefit

Newbury College is an exempt charity under the Part 3 of the Charities Act 2011 and, following the Machinery of Government changes in July 2016, is regulated by the Secretary of State for Education. The members of the Corporation Board, who are trustees of the charity, are outlined on page 14.

In setting and reviewing the College’s strategy, the Governing Body has had due regard for the Charity Commission’s guidance on public benefit and particularly upon its supplementary guidance on the

advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching and learning
- Widening participation and tackling social exclusion
- Providing excellent employment prospects for students
- Strong student support systems
- Meeting skills needs of employers, industry, and commerce.
- Partnership work with Local Authorities & Local Enterprise Partnerships (LEPs)

The delivery of public benefit is covered throughout the Report.

Equality

“We endeavour to meet the needs of our students, employees and all stakeholders, respecting their protected characteristics within the context of education, learning, training and employment”.

Our aim is to be an inclusive College where individual differences are respected and where all staff and students have a fair opportunity to fulfil their potential. Our intention is to be recognised as an outstanding College and the critical factor in this is the success of all students and staff.

We commit to:

1. Helping prepare our students for a fair and flexible labour market that draws on the talents of all and builds a strong economy.
2. Changing culture and attitudes; reducing prejudice, which holds people back from achieving their potential and tackling discrimination, hatred and violence in College and the community.
3. Empowering individuals and, where possible, communities by promoting greater participation in education and training.
4. Ensuring concerted action to embed equality across the College community and contribute to the equality landscape.

To show how we are complying with the Act, we will:

- Agree with staff and students the key features of our culture of respect and ensure that this is promoted and reinforced throughout the College.
- Monitor the progress and achievement of all groups of students and take positive steps to address any significant gaps in outcomes.
- Monitor the diversity of staff through new starters and the staff mix and take positive steps to address any significant gaps.

Leadership & Management

The College’s strong commitment to equality and diversity starts with the Senior Leadership Team, a member of which chairs the Equality, Diversity, and Inclusion Committee (EDIC).

The EDIC monitors the progress of the Equality and Diversity action plan and equality duty priorities.

- The link governor for equality and diversity attends the EDIC and meets with key staff once a year to ensure the College is meeting its statutory duties. A report is then presented to the Board of Governors.

- The Senior Leadership team leads the setting and monitoring of college targets in relation to equality, diversity, and inclusion.
- The Vice Principal of Central Services ensures that governors are trained in equality and diversity matters and are fully up to date with all relevant legislation.
- All policyholders are required to conduct an equality impact assessment (EIA) on all policies to ensure that no group is disproportionately affected by college policy.

Aims

The College is committed to ensuring equality of education and opportunity for every student and value all members of the College community, respecting their protected characteristics. We aim to develop a culture of inclusion and diversity in which all those connected to the College feel proud of their identity and can participate fully in college life.

The College has due regard for the Equality Duty and its aims, through:

1. Ensuring protection from discrimination, harassment, and victimisation on the grounds of specific characteristics (referred to as protected characteristics). This means that the College does not discriminate against any members of the College community or treat them less favourably because of their age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, or sexual orientation.
2. Advance equality of opportunity between people who share a protected characteristic and people who do not share it. The achievement of students will be monitored by certain protected characteristics, and we will use this data to support students, raise standards and ensure inclusive teaching.
3. Fostering good relations between people who share a protected characteristic and people who do not share it. We will tackle discrimination by the positive promotion of equality, challenging bullying and stereotypes and creating an environment that champions respect for all.

At Newbury College, we believe that diversity is a strength that should be respected and celebrated by all those who learn, work, and visit here.

Disability & accessibility statement

The statement describes our commitment to all our learners, especially those with learning difficulties and/or disabilities and the support available to them at the College. The College is committed to ensuring that everyone who wishes to attend College is treated fairly. The College is committed to the implementation of equality of opportunity for all learners, respecting and valuing positively differences in age, ethnicity, disability, gender, marital status, nationality, and faith etc. It is our intention that everyone should have full and fair consideration for entry to the College.

We offer a wide range of courses from Pre-Entry to Level 7 and try to design the curriculum to be accessible, delivered at a time, in a place and in a style that meets each learner's agreed needs, wherever and whenever possible. All learners have access to a range of supportive entry services including assessment of individual need and provision of flexible on-programme support. We choose assessment methods that are sensitive to the needs of individual learners and provide examination venues appropriate to the needs of individual learners.

Learning Support is the cross-college service which helps assess learners' support needs and provide appropriate additional support. We conform to the requirement of the awarding bodies when providing for support needs.

Trade union facility time

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

Numbers of employees who were relevant in the period	4 officials	
FTE employee number	182	
Percentage of time		
	0%	
	1-50%	4 officials
	51-99%	
	100%	
Total cost of facility time	£2,250	
Total pay bill	£6,713,571	
Percentage of total bill spent on facility time	0.03%	

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payments to suppliers within 30 days. During the accounting period 1 August 2022 to 31 July 2023, the College paid 85 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Events after the reporting period

During the period the College has entered into an agreement to sell a parcel of land to a developer, details of which can be found in note 22.

DISCLOSURE OF INFORMATION TO AUDITORS

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

Approved by order of the members of the Corporation on 11th December 2023 and signed on its behalf by:



Sally Osmond
Chair of Corporation Board

Newbury College

Governance Statement

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”)

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. This opinion is based on an internal review of compliance with the code. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015 and updated in 2019.

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. There were 20 Board Members on the Corporation Board during the 2022/23 year, with six resignations. Currently, there are two vacancies.

Member	Status	Date of first joining the Board	Date Reappointed	Current Term of Office	Date Left	Members of Audit Committee	Attendance Percentage (Corporation)
Alfie Greener	Student (16-18)	01/09/21			24/04/23		0
Chelsea Cordiner	External	04/04/22			24/04/23		100
Christopher Wilson	External	17/07/23		4 Years		Audit	100
Gavin Brooks	External	12/12/22		4 Years			66
Glyn Howells	External	01/10/18	30/09/22	4 Years			100
Iain Wolloff	Principle	01/02/18					100
Javaid Iqbal	External	12/10/20		4 Years		Audit	66
Julian Cooper	External	17/10/22		4 Years			66
Lauryn Bailey	Student (Adult & HE)	01/09/21			31/07/23		33
Martin Hamer	External	29/03/21			01/05/23	Audit	100
Nick Fox	External	29/03/21			01/01/23	Audit	0
Peter Lambert	External	29/03/21		4 Years			66
Sally Osmond	External	26/03/18	25/03/22	4 Years			100
Sam Dibas	External	29/03/21		4 Years			66
Shelly Van Meter	Staff (Teaching)	13/07/20		4 Years			66
Stuart Compton	External	11/07/22		4 Years		Audit	100
Sue Richardson	Staff (Support)	13/07/20		4 Years			100
Tim Major	External	05/09/22		4 Years		Audit	100
Tom Rossiter	External	05/03/12	24/02/20	4 Years		Audit	100
Vacancy	Student (16-18)						
Vacancy	Student (Adult & HE)						
Clerk: Richard Lee (to 03/06/23)							
Clerk: Heather Large (from 16/08/23)							

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. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website [www.newbury-college.ac.uk] or from the Clerk to the Corporation at Newbury College, Monks Lane, Newbury, Berkshire, RG14 7TD.

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

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

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

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

There is a clear division of responsibility in that the roles of the 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 is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years.

Corporation Performance

The corporation carried out a self-assessment of its own performance for the year ended 31 July 2023 and graded itself as "Good" on the Ofsted scale.

Governors undertake various activities relating to their development. These include an induction and support program for governors new to the college as well as linking new governors to more experienced members to act as mentors. New governors are taken through an induction program which is managed by the Governance Professional. At Full Board Meetings training sessions are often included to ensure members are kept up to date with changes in legislation or educational focus.

All members are enrolled onto the College Skillgate system which allocates required training to them and provides a reporting mechanism to ensure compliance, additional courses can also be selected and delivered through the Skillgate platform. The Chair, Governance Professional and Principal have regular engagement with the National Leaders of Governance (NLG) and National Leaders of Further Education (NLFE) and undertake training through those organisations, other Governors are also made aware of specific training programs which might be applicable to their specific areas of focus. Members engage in training sessions offered by the Association of Colleges (AOC).

The Chair is a regular participant in National and Regional governance networks enabled through the AOC.

The governing body has considered DfE guidance on board reviews and has approved the appointment of an external reviewer to commence in the new year but did not carry out a formal review in 2022-3.

Audit Committee

The Audit Committee comprises five members of the Corporation (excluding the Accounting Officer and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, 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 College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

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

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

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

Committee Member	Meetings Attended
Mr S Compton	3
Mr N Fox	0
Mr M Hammer	3
Mr J Iqbal	2
Mr T Major	3
Mr T Rossiter	3

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the 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 the Principal in the Funding Agreement between Newbury College and the funding bodies. The Principal is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve 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 Newbury 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 period ending 31 July 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls, and governance processes.

Responsibilities under funding agreements

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

Statement from the audit committee

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

The specific areas of work undertaken by the audit committee in 2022/3 and up to the date of the approval of the financial statements are:

- Learner Numbers
- Subcontracting controls
- Core Financial
- Apprenticeships
- Safeguarding

No fundamental weaknesses were identified.

Managing Public Money Requirements

Policies, procedures, and approval processes have been updated to ensure compliance with the new MPM requirements following reclassification of colleges of further education into the public sector that was announced in November 2022. In particular, the college has established systems and processes to identify and handle any transactions for which DfE approval is now required.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. His / her review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors.
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors and the reporting accountant for regularity assurance in their management letters and other reports.

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

The Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Leadership Team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

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

Approved by order of the members of the Corporation on 11th December 2023 and signed on its behalf by:

Signed:



Sally Osmond
Chair of Corporation Board

Signed:



Iain Wolloff
Accounting Officer

Newbury College

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, priority and compliance, and the requirements of grant funding agreements and contracts with ESFA, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

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

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

Signed:



Iain Wolloff
Accounting Officer
11th December 2023

Statement of the chair of governors

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

Signed:



Sally Osmond
Chair of Corporation Board
11th December 2023

Newbury College

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the college's 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 2015 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 college and its surplus / 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 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 college.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the Corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economic, efficient, and effective management of the Corporation's resources and expenditure so that

the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 11th December 2023 and signed on its behalf by:

Signed:

A handwritten signature in blue ink, appearing to read 'Sally Osmond', is written over a light blue horizontal line.

Sally Osmond

Chair of Corporation Board

Newbury College

Independent auditor's report to the Corporation of Newbury College

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions related to going concern

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

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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the

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

We have nothing to report in this regard.

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2022 to 2023 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

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

- the College's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.

Responsibilities of the Corporation of Newbury College

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 20 to 21, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determines 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.

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

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 engagement partner 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 college through discussions with governors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the college, including Keeping Children Safe in Education under the Education Act 2002, Ofsted, ESFA and OfS regulatory requirements, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; 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 college'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.

Audit response to risks identified

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- reviewed all transactions listed;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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; 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 directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 9 November 2022. Our audit work has been undertaken so that we might state to the Corporation/Governing Body, 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.

Alliotts LLP

Chartered Accountants
Friary Court
13 -21 High Street
Guildford
Surrey
GU1 3DL

Newbury College

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF NEWBURY COLLEGE AND THE 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 9 November 2022 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Newbury 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 data returns, for which the ESFA or devolved authority has other assurance arrangements in place.

This report is made solely to the corporation of Newbury 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 Newbury 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 Newbury College and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Newbury College and the reporting accountant

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

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

Approach

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

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

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.

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the College;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety, and compliance with the framework authorities;
- Testing transactions with related parties;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive, and we perform additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Code.

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

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, that the financial transactions do not conform to the authorities which govern them nor have been improper.

Use of our report

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

Alliotts LLP

Chartered Accountants

Friary Court

13 -21 High Street

Guildford

Surrey

GU1 3DL

11th December 2023

Newbury College

Statement of Comprehensive Income and Expenditure

	Notes	Year ended 31 July	
		2023	2022
		£'000	£'000
INCOME			
Funding body grants	2	9,666	8,975
Tuition fees and education contracts	3	779	799
Other income	4	651	743
Endowment and investment income	5	5	-
Total income		11,101	10,518
EXPENDITURE			
Staff costs	6	7,194	6,948
Restructuring costs	6	-	-
Other operating expenses	7	4,455	3,820
Depreciation	11	666	556
Interest and other finance costs	8	228	279
Total expenditure		12,543	11,603
Deficit before other gains and losses		(1,442)	(1,085)
Profit on disposal of assets		88	-
Write off assets under construction	11	-	-
Deficit before tax		(1,354)	(1,085)
Taxation	9	-	-
Deficit for the year		(1,354)	(1,085)
Actuarial gain/(loss) in respect of pensions schemes	20	3,368	7,889
Total Comprehensive Income for the year		2,014	6,804
Represented by:			
Unrestricted comprehensive income		2,014	6,804
Restricted comprehensive income		-	-
		2,014	6,804

The statement of comprehensive income is in respect of continuing activities.

Newbury College

Statement of Changes in Reserves

	Income and Expenditure account £'000	Revaluation reserve £'000	Total £'000
Balance at 1 August 2021	(4,263)	285	(3,978)
Deficit from the income and expenditure account	(1,085)	-	(1,085)
Other comprehensive income	7,889	-	7,889
Transfers between revaluation and income and expenditure reserves	57	(57)	-
Total comprehensive income for the year	6,861	(57)	6,804
Balance at 31 July 2022	2,598	228	2,826
Deficit from the income and expenditure account	(1,354)	-	(1,354)
Other comprehensive income	3,368	-	3,368
Transfers between revaluation and income and expenditure reserves	57	(57)	-
Total comprehensive income for the year	2,071	(57)	2,014
Balance at 31 July 2023	4,669	171	4,840

Newbury College

Balance sheet as at 31 July 2023

	Notes	2023 £'000	2022 £'000
Fixed assets			
Tangible fixed assets	11	12,726	12,870
		<u>12,726</u>	<u>12,870</u>
Current assets			
Stocks		3	3
Trade and other receivables	12	813	940
Cash and cash equivalents	17	1,489	2,237
		<u>2,305</u>	<u>3,180</u>
Less: Creditors – amounts falling due within one year	13	(2,276)	(2,403)
		<u>29</u>	<u>777</u>
Net current assets			
		<u>29</u>	<u>777</u>
Total assets less current liabilities		12,755	13,647
Less: Creditors – amounts falling due after more than one year	14	(6,067)	(5,948)
Provisions			
Defined benefit obligations	16	(1,848)	(4,873)
		<u>4,840</u>	<u>2,826</u>
Total net assets		4,840	2,826
Unrestricted reserves			
Income and expenditure account		4,669	2,598
Revaluation reserve		171	228
		<u>4,840</u>	<u>2,826</u>
Total unrestricted reserves		4,840	2,826

The financial statements were approved and authorised for issue by the Corporation on 11th December 2023 and signed on its behalf by:



Sally Osmond

Chair of Corporation Board



Iain Wolloff

Accounting Officer

Newbury College

Statement of Cash Flows

	Notes	2023 £'000	2022 £'000
Cash inflow from operating activities			
Surplus/(Deficit) for the year		(1,354)	(1,085)
Adjustment for non-cash items			
Depreciation		666	556
(Increase)/decrease in debtors		127	186
Increase/(decrease) in creditors due within one year		(154)	365
Increase/(decrease) in creditors due after one year		541	99
Pensions costs less contributions payable		179	786
Adjustment for investing or financing activities			
Investment income		(5)	-
Interest payable		228	279
Profit on sale of fixed assets		(88)	-
Net cash flow from operating activities		140	1,185
Cash flows from investing activities			
Investment income		5	-
Payments made to acquire fixed assets		(522)	(573)
Proceeds on sale of fixed assets		88	-
		(429)	(573)
Cash flows from financing activities			
Interest element of finance lease rental payments		(64)	(89)
Capital element of finance lease rental payments		(395)	(373)
		(459)	(89)
Increase / (decrease) in cash and cash equivalents in the year		(748)	150
Cash and cash equivalents at beginning of the year	17	2,237	2,087
Cash and cash equivalents at end of year	17	1,489	2,237

Newbury College

Notes to the Accounts

1. Statement of Accounting Policies

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2022 to 2023, and Regulatory Advice 9: Accounts Direction issued by the Office for Students and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

Going concern

The financial position of the College, its cashflow liquidity and borrowing are presented in these Financial Statements and accompanying notes.

The College has considered its underlying financial circumstances and has identified that the financial challenges related to the very high costs of the PFI contract in the final years of its operation. When the PFI contract expires in 2027, the College will no longer experience financial deficits and, therefore, a range of actions have been undertaken to ameliorate the position for the next five years. These include:

1. Achieving student number growth for key aspects of provision including study programme students and apprentices, resulting in income growth of 20% in the last two years.
2. Continuing to review the cost base to ensure efficient use of resources.
3. Reviewing its curriculum offering to ensure that the most efficient use of its resources, with the option to restructure that offering where the cost/benefit analysis dictates this.
4. Actively managing cost of living increases, including the early securing of a fixed price energy deal to April 2024 and the inclusion of projected potential salary increases into the cashflow forecasts.

The two-year cashflow position has been scrutinised on a monthly basis to identify any potential for the cash position to fall below the ESFA threshold of 15 cash days in hand at any future point. This information has been discussed regularly with the ESFA and a number of strategies have been put into place to ensure continuing liquidity. These include:

Newbury College

Notes to the Accounts continued

1. Statement of Accounting Policies continued

1. Capital receipts - contracts have been exchanged for a disposal of eight acres of surplus land for a significant capital receipt. The first tranche of this payment was received in September 2023. A further capital receipt was received in November 2022.
2. Commercial options – if capital receipts or advances are not available when required, the potential for short-term bridging funds has been explored, subject to approval from the EFSA.
3. ESFA support – should none of the identified strategies above be achieved when additional funds are required, the potential for short term financial support has been agreed in principle.

Taken the above factors into account, the Corporation considers that the financial statements should be prepared on a going concern basis.

Recognition of income

Revenue grant funding

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

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

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

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

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

Newbury College

Notes to the Accounts continued

1. Statement of Accounting Policies continued

Capital grant funding

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

Fee income

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

Investment income

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

Agency arrangements

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

Accounting for post-employment benefits

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

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.

Newbury College

Notes to the Accounts continued

1. Statement of Accounting Policies continued

West Berkshire 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 closing fair value method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements, and curtailments. They are included as part of staff costs as incurred.

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

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

Short term Employment benefits

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

Enhanced Pensions

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

Newbury College

Notes to the Accounts continued

1. Statement of Accounting Policies continued

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 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings

The main College building including the furniture and equipment originally included was financed by a PFI arrangement. For the assets held within the PFI arrangement:

Freehold buildings are depreciated on a straight-line basis over their expected useful life of 50 years. Freehold land is not depreciated as it is considered to have an infinite useful life.

Furniture & Equipment is depreciated over 8 years or 10 years dependent on the expected useful life.

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

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

Equipment

Equipment costing less than £1000 is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

- computer equipment 5 years
- motor vehicles 5 years
- furniture, fixtures, and fittings 10 years
- general equipment 8 years

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

Newbury College

Notes to the Accounts continued

1. Statement of Accounting Policies continued

Leased assets

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

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

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

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

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.

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.

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.

Newbury College

Notes to the Accounts continued

1. Statement of Accounting Policies continued

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 1% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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.

Newbury College

Notes to the Accounts continued

1. Statement of Accounting Policies continued

- *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 19, 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 2019 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.

Newbury College

Notes to the Accounts (continued)

	Year ended 31 July	
	2023	2022
	£'000	£'000
2 Funding council grants		
Recurrent grants		
Education and Skills Funding Agency - adult	1,155	1,012
Education and Skills Funding Agency – 16 -18	7,159	6,667
Education and Skills Funding Agency - apprenticeships	919	872
Higher education funding council	120	125
Specific Grants		
Releases of government capital grants	313	299
Total	9,666	8,975
	2023	2022
	£'000	£'000
3 Tuition fees and education contracts		
Adult education fees	576	572
Apprenticeship fees and contracts	14	30
Fees for FE loan supported courses	96	140
Fees for HE loan supported courses	78	30
Total tuition fees	764	772
Education contracts	15	27
Total	779	799
	2023	2022
	£'000	£'000
3b Total grant and fee Income		
Grant income from the OfS	120	125
Grant income from other bodies	9,546	8,850
Total grants	9,666	8,975
Fee income for taught awards (exclusive of VAT)	356	435
Fee income for research awards (exclusive of VAT)		
Fee income from non-qualifying courses (exclusive of VAT)	423	364
Total tuition fees and education contracts	779	799
Total	10,445	9,774

Newbury College

Notes to the Accounts (continued)

	2023	2022
	£'000	£'000
4 Other income		
Other income generating activities	368	296
Other grant income	146	114
Miscellaneous income	137	333
Total	651	743

	2023	2022
	£'000	£'000
5 Investment income		
Bank interest receivable	5	-
	5	-

Newbury College

Notes to the Accounts (continued)

6 Staff costs

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

	2023	2022
	No.	No.
Teaching staff	210	214
Non-teaching staff	73	57
	<u>283</u>	<u>271</u>
Staff costs for the above persons		
	2023	2022
	£,000	£'000
Wages and salaries	5,098	4,595
Social security costs	428	352
Other pension costs	1,353	1,800
Payroll sub total	<u>6,879</u>	<u>6,747</u>
Contracted out staffing services	315	201
	<u>7,194</u>	<u>6,948</u>
Fundamental restructuring costs - contractual	-	-
non-contractual	-	-
	<u>7,194</u>	<u>6,948</u>

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 comprising of the Principal, Deputy Principal, Director of Finance, Director of HR & Support Services, and the Director of Business & Partnerships. The senior post holders within the remit of the Remuneration Committee are the Principal and the Deputy Principal.

Newbury College

Notes to the Accounts (continued)

6 Staff Costs continued

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

	2023 No.	2022 No.
The number of key management personnel including the Accounting Officer was:	5	5

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

	Key Management Personnel		Other staff	
	2023 No.	2022 No.	2023 No.	2022 No.
£30,001 to £35,000	1	-	-	-
£55,001 to £60,000	2	2	-	-
£60,001 to £65,000	1	-	-	-
£65,001 to £70,000	-	1	-	-
£70,001 to £75,000	-	1	-	-
£75,001 to £80,000	1	-	-	-
£100,001 to 105,000	-	1	-	-
£105,001 to £110,000	1	-	-	-
	<u>6</u>	<u>5</u>	<u>-</u>	<u>-</u>

Including part time workers grossed up to full time equivalent and staff on maternity, paternity or sickness leave at their usual rate of pay.

Newbury College

Notes to the Accounts (continued)

6 Staff costs continued

	2023	2022
	£'000	£'000
Key management personnel compensation is made up as follows:		
Salaries - gross of salary sacrifice and waived emoluments	389	352
Benefits in kind	-	-
	<u>389</u>	<u>395</u>
Pension contributions	66	72
Total emoluments	<u><u>455</u></u>	<u><u>467</u></u>

The above compensation includes amounts payable to the Accounting Officer during the year of:

	2023	2022
	£'000	£'000
Salaries	106	102
Benefits in kind	-	-
	<u>106</u>	<u>102</u>
Pension contributions	<u>25</u>	<u>24</u>

Newbury College

Notes to the Accounts (continued)

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

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

The remuneration packages of the Senior Post Holders are subject to annual review by the Remuneration Committee of the governing body taking into consideration the personal performance of the individual Senior Post Holder; the financial position of the College; external benchmarking information; and pay awards made to other staff members.

Senior Post Holders may not receive income from external activities unless approved by the Remuneration Committee in advance of the activity.

Relationship of Principal/Chief Executive pay, and remuneration expressed as a multiple

	2023	2022
Principal and CEO's basic salary as a multiple of the median of all staff	4.4	4.6
Principal and CEO's total remuneration as a multiple of the median of all staff	4.4	4.6

7 Other operating expenses	Year ended 31 July	
	2023	2022
	£'000	£'000
Teaching costs	1,403	687
Non-teaching costs	937	1,138
Premises costs	2,115	1,995
Total	4,455	3,820

Other operating expenses include:	2023	2022
	£'000	£'000
Subcontractor costs	396	225
Auditor's remuneration:		
-Financial statements audit	24	22
-Internal audit	-	5
-Other services	11	5
Internal audit	19	20
Profit on disposal of assets	88	-
Hire of assets under operating leases	32	28

Newbury College

Notes to the Accounts (continued)

	2023	2022
8 Interest payable	£'000	£'000
On finance leases	64	89
Net interest on defined pension liability (note 19)	164	190
	<u> </u>	<u> </u>
Total	<u> 228</u>	<u> 279</u>

	2023	2022
9 Taxation	£'000	£,000
United Kingdom corporation tax	-	-
	<u> </u>	<u> </u>
Provision for deferred corporation tax in the accounts of the subsidiary company	-	-
	<u> </u>	<u> </u>
Total	<u> -</u>	<u> -</u>

10 Write offs, losses, guarantees, letters of comfort, compensation

The college has not issued any guarantees, letters of comfort or indemnities during the year. No write offs were made during the year.

Newbury College

Notes to the Accounts (continued)

11 Tangible fixed assets	Land	Buildings Freehold	Equip- ment	Assets in the Course of Construction	Total
		£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2022	186	17,602	5,186	-	22,974
Additions	-	-	522	-	522
Transfers	-	-			-
Disposals	-	-	-	-	-
At 31 July 2023	186	17,602	5,708	-	23,496
Depreciation					
At 1 August 2022	-	6,444	3,660	-	10,104
Charge for the year	-	373	293	-	666
Eliminated on disposal	-	-	-	-	-
At 31 July 2023	-	6,817	3,953	-	10,770
Net book value at 31 July 2023	186	10,785	1,755	-	12,726
Net book value at 31 July 2022	186	11,158	1,526	-	12,870

Land and buildings were valued in 1996 at depreciated replacement cost by a firm of independent chartered surveyors.

The depreciation charge on PFI assets for the year was £236,000 (2022 – £236,000).

12 Trade and other receivables	2023 £'000	2022 £'000
Amounts falling due within one year:		
Trade receivables	429	711
Prepayments and accrued income	384	229
Total	813	940

Newbury College

Notes to the Accounts (continued)

	2023	2022
	£'000	£'000
13 Creditors: amounts falling due within one year		
Obligations under finance leases	423	396
Trade payables	163	251
Other taxation and social security	230	196
Accruals and deferred income	1,010	1,086
Deferred Income - other	139	104
Deferred income - government capital grants	311	267
Amounts owed to the ESFA	-	103
Total	<u>2,276</u>	<u>2,403</u>

	2023	2022
	£'000	£'000
14 Creditors: amounts falling due after one year		
Obligations under finance leases	1,019	1,441
Deferred Income - other	95	234
Deferred income - government capital grants	4,686	4,273
Other Creditors	267	-
Total	<u>6,067</u>	<u>5,948</u>

15 Maturity of debt

Finance leases

The net finance lease obligations to which the institution is committed are:

	2023	2022
	£'000	£'000
In one year or less	423	396
Between two and five years	1,019	1,416
In five years or more	-	25
Total	<u>1,442</u>	<u>1,837</u>

Finance lease obligations are secured on the assets to which they relate.

Newbury College

Notes to the Accounts (continued)

16 Provisions

	Defined benefit Obligations
	£'000
At 1 August 2022	4,873
Expenditure in the period	343
Transferred from income and expenditure account	(3,368)
At 31 July 2023	<u>1,848</u>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 19.

17 Cash and cash equivalents	At 1 August 2022 £'000	Cash flows £'000	Other changes £'000	At 31 July 2023 £'000
Cash and cash equivalents	2,237	(748)	-	1,489
Total	<u>2,237</u>	<u>(748)</u>	<u>-</u>	<u>1,489</u>

18 Capital commitments	2023 £'000	2022 £'000
Commitments contracted for at 31 July	<u>387</u>	<u>160</u>

Newbury College

Notes to the Accounts (continued)

19 Lease Obligations

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

	2023	2022
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	-	-
Later than one year and not later than five years	-	-
later than five years	-	-
	<u>-</u>	<u>-</u>
Other		
Not later than one year	38	28
Later than one year and not later than five years	96	20
later than five years	-	-
	<u>134</u>	<u>48</u>
	<u>134</u>	<u>48</u>
Total lease payments due	<u>134</u>	<u>48</u>

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 Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Royal Borough of Windsor and Maidenhead. 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 2019.

	2023	2022
	£'000	£'000
Total pension cost for the year		
Teachers' Pension Scheme: contributions paid	508	412
Local Government Pension Scheme:		
Contributions paid	666	602
FRS 102 (28) charge	179	786
Charge to the Statement of Comprehensive Income	<u>845</u>	<u>1,388</u>
Total Pension Cost for Year	<u>1,353</u>	<u>1,800</u>

Newbury College

Notes to the Accounts (continued)

20 Defined benefit obligations continued

Contributions amounting to £123,595 (2022: £109,424) were payable to the schemes and are included in creditors.

Teachers' Pension Scheme

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

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

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

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

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

The latest actuarial review of the TPS was carried out as at 31 March 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 cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 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% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2022-23 academic year.

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

The pension costs paid to TPS in the year amounted to £508,142 (2022: £412,105).

Newbury College

Notes to the Accounts (continued)

20 Defined benefit obligations continued

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by West Berkshire Local Authority. The total contribution made for the year ended 31 July 2023 was £786,000, of which employer's contributions totalled £587,000 and employees' contributions totalled £199,000. The contribution rates for future years is likely to be 27.9% for employers and range from 5.5% to 12.5% cent for employees, depending on salary according to a national scale.

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2023 by Barnett Waddingham.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 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%	3.80%
Future pensions increases	2.85%	2.80%
Discount rate for scheme liabilities	5.15%	3.40%
Inflation assumption (CPI)	2.85%	2.80%
Commutation of pensions to lump sums	50%	50%

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	At 31 July 2022
	Years	Years
<i>Retiring today</i>		
Males	20.7	21.0
Females	23.6	23.8
<i>Retiring in 20 years</i>		
Males	22.0	22.3
Females	25.0	25.3

Newbury College

Notes to the Accounts (continued)

20 Defined benefit obligations continued

Sensitivity analysis	At 31 July	At 31 July
	2023	2022
	£'000	£'000
Discount rate +0.1%	(190)	(300)
Discount rate -0.1%	196	307
Mortality assumption – 1 year increase	366	481
Mortality assumption – 1 year decrease	(353)	(463)
Pension increase +0.1%	195	298
Pension increase -0.1%	(190)	(292)

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

	2023	2022
	£'000	£'000
Fair value of plan assets	9,325	8,842
Present value of plan liabilities	(11,097)	(13,615)
Present value of unfunded liabilities	(76)	(100)
Net pensions liability (Note 15)	(1,848)	(4,873)

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	766	1,326
Past service cost	-	-
Total	766	1,326

Amounts included in interest payable

Net interest	164	190
	164	190

Newbury College

Notes to the Accounts (continued)

20 Defined benefit obligations continued

Amounts recognised in Other Comprehensive Income

	2023	2022
	£'000	£'000
Return on pension plan assets	(410)	551
Other actuarial gains/(losses) on assets	(34)	-
Changes in financial assumptions	5,144	7158
Changes in demographic assumptions	205	227
Other experience adjustments	(1,537)	(47)
Amount recognised in Other Comprehensive Income	<u><u>3,368</u></u>	<u><u>7,889</u></u>

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

	2023	2022
	£'000	£'000
Deficit in scheme at 1 August	(4,873)	(11,786)
Movement in year:		
Current service cost	(766)	(1,326)
Employer contributions	587	540
Past service cost	-	-
Net interest on the defined (liability)/asset	(164)	(190)
Actuarial gain or loss	3,368	7,889
Net defined benefit liability at 31 July	<u><u>(1,848)</u></u>	<u><u>(4,873)</u></u>

Asset and Liability Reconciliation

	2023	2022
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	13,715	19,627
Current Service cost	766	1,326
Interest cost	467	312
Contributions by Scheme participants	199	144
Changes in financial assumptions	(5,144)	(7,158)
Changes in demographic assumptions	(205)	(227)
Estimated benefits paid	(153)	(348)
Contributions in respect of unfunded benefits	(9)	(8)
Other experience	1,537	47
Past service cost	-	-
Defined benefit obligations at end of period	<u><u>11,173</u></u>	<u><u>13,715</u></u>

Newbury College

Notes to the Accounts (continued)

20 Defined benefit obligations continued

Reconciliation of Assets

	2023	2022
	£'000	£'000
Fair value of plan assets at start of period	8,842	7,841
Interest on plan assets	311	128
Return on plan assets	(410)	551
Other actuarial gains/(losses)	(34)	-
Administration expenses	(8)	(6)
Employer contributions	587	540
Contributions by Scheme participants	199	144
Estimated benefits paid	(162)	(356)
Fair value of plan assets at end of period	9,325	8,842

21 Related party transactions

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

No Governor has received any remuneration or waived payments from the college during the year (2022: None).

22 Events after the reporting period

On 30th September 2023, Newbury College disposed of a parcel of land to NCII Limited for an initial price of £3,000,000. £1,000,000 of the purchase price was received upon transfer. The remaining £2,000,000 will be received when 1) the buyer implements planning permission for the 1st tranche of the land as specified in the agreement or 2) disposes of the land or 3) the date on which all conditions precedent have been met. In addition to the purchase price, the contract specifies further overage payments to be made to the College on receipt of planning permission relating to two further tranches of the land. These payments are linked to the land value calculated in accordance with the Land Value Calculator for the area and uses for which planning permission has been obtained and it is therefore not possible to assess their monetary value at this time.

23 Amounts disbursed as agent – Learner support Funds

	2023 £'000	2022 £'000
Balance at 1 August	38	-
16-18 bursary grants	57	59
Other Funding body grants	-	-
Interest earned	-	-
	<u>57</u>	<u>59</u>
Disbursed to students	(12)	(21)
Administration Costs	-	-
Balance unspent at 31 July, included in creditors	<u>83</u>	<u>38</u>