CCG | Chichester College Group

Report and Financial Statements

for the year ended 31st July 2023

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Key Management Personnel, Corporation Membership and Professional Advisers

Key management personnel

Key management personnel are defined as members of the Group Leadership Team and were represented by the following in 2022/23 and from 1st August 2023:

Andrew Green, Chief Executive & Accounting Officer

Sally Challis-Manning, Principal, Brinsbury and Crawley Colleges & Deputy Executive Principal

Steve Coulthard, Chief Financial Officer

Vicki Illingworth, Executive Principal & Deputy Chief Executive

Helen Loftus, Principal, Chichester College

Dan Power, Chief Commercial Officer

Paul Riley, Principal, Brighton Met and Haywards Heath Colleges

Jon Rollings, Chief Operating Officer

Helena Thomas, Principal, Northbrook and Worthing Colleges

Corporation Membership

A full list of members of the Corporation is given on page 20 of these financial statements.

Catherine Vinall acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants:
MHA
Floor 6,
2 London Wall Place,
London
EC2Y 5AU

Internal auditors:
RSM UK Risk Assurance Services LLP
6th Floor,
25 Farringdon Street,
London
EC4A 4AB

Solicitors:
Irwin Mitchell LLP
Thomas Eggar House,
Friary Lane,
Chichester
PO19 1UF

Bankers:
Lloyds Bank plc
10 East Street,
Chichester
PO19 1HJ

Members' Report

OBJECTIVES AND STRATEGY

The members present their report and the audited financial statements for the year ended 31st July 2023. The following members' report includes the strategic report.

LEGAL STATUS

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Chichester College of Arts, Science and Technology. The merger with Brinsbury College took place on 1st August 2002, at which point the Secretary of State granted consent to the Corporation to change the College's name to Chichester College. Chichester College merged with Central Sussex College under a Type B Merger on 1st August 2017, thus triggering the dissolution of Central Sussex College. Following an application to the Secretary of State, the Corporation's name was changed to Chichester College Group from 1st January 2018. On 29th March 2019, Chichester College Group merged with Worthing College under a Type B Merger, triggering the dissolution of Worthing College. Chichester College Group opened a new campus, Haywards Heath College in September 2020. On 1st August 2022, Chichester College Group merged with Greater Brighton Metropolitan College under a Type B Merger, triggering the dissolution of Greater Brighton Metropolitan College (GBMet).

Chichester College Group has two active subsidiaries, First Steps Childcare Group Ltd (FSCG) and Anglia Examination Syndicate Ltd (AES), with one dormant subsidiary, Chichester College Group Commercial Ltd (CCGC). Further details are given in note 14 to the accounts.

The Group is an exempt charity for the purposes of the Charities Act 2011.

PURPOSE, VISION AND STRATEGY

Chichester College Group's Purpose is Changing Lives through Learning.

We do this by:

- Inspiring all our students to grow in confidence and improve their life, work and learning skills;
- Delivering outstanding teaching, learning, support and student/customer experiences;
- Offering an innovative and enriching range of courses and services that meet the needs of our local, regional, national, international and employer communities;
- Working with our employers and communities to grow economic prosperity and improve social impact;
- Living our values through our behaviours;
- Providing our people with a stimulating and rewarding place to work and providing relevant professional development to all;
- Conserving and enhancing natural resources and reducing our carbon footprint to reach net zero emissions by 2050;
- Providing an inclusive environment where staff and students can celebrate difference and diversity.

Our Vision

To consistently exceed students and customers' expectations in every interaction.

Implementation of Strategic Plan

Following completion of the merger with GBMet in August 2022, the Group's Strategic Plan was reviewed and approved in July 2023. The Group's strategic objectives are:

- To provide the best experiences for every student and customer;
- Our curriculum makes a strong contribution to meeting the needs of our local, national and international communities;
- To be financially strong and entrepreneurially agile;
- To be a great place to work, learn and progress;
- For employers to recognise collaboration with CCG as key to their success.

The Group was inspected by Ofsted in March 2020 and was judged Outstanding in all nine areas of the inspection.

The Group is committed to observing the importance of sector measures and indicators and uses achievement benchmarking and other relevant data available from the sector to assess its performance. The Group is required to complete the annual Finance Record for the Education and Skills Funding Agency (ESFA). The Group's financial health was assessed by the ESFA as "Good" for the year 2021/22.

Financial objectives

The Group's financial objectives for 2022/23 were encompassed within the updated Strategic Plan to 2026.

Our objective is to be financially strong and entrepreneurially agile.

Our success will be celebrated when:

- Our planned budget generates sufficient cash for investment in people, buildings, equipment, planned maintenance, growth, research and development;

- Our financial health is rated 'Good' or better in the ESFA standards for financial health by 2024 and in 2025;

- Our commercial businesses of International, Anglia and First Steps Childcare Group achieve strong growth as set out in the relevant business plans (with appropriate investment);

- Our services and curriculum are delivered to achieve value for money and our student experience strategic objectives.

The Group did not achieve the budgeted operating position for 2022/23. Despite this shortfall, positive cash balances were maintained throughout the year and loan agreement covenants were met with all lenders.

RESOURCES

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

Tangible

At 31st July 2023, tangible resources include 9 main sites, and leased buildings at Terminus Road in Chichester, Shoreham Airport and Kingston Buci.

Financial

The Group has £93,032,000 (2021/22 - £136,306,000) of net assets (including £nil pension asset (2021/22 - £49,800,000)). This includes long term liabilities of £60,058,000 (2021/22 - £25,941,000). See Statement of accounting policies and estimation techniques and note 26 for further details on the treatment of the pension asset in 2022/23. Cash at bank and in hand amounted to £7,292,000 (2021/22 £13,001,000); see page 47 for further details of the movement in cash in 2022/23.

People

The Group employed an average of 2,467 (2021/22 – 1,529) people (expressed as headcount not full time equivalents), of whom 960 (2021/22 – 644) were teaching staff.

Students

The Group enrolled approximately 24,351 students in 2022/23 (2021/22 - 16,241). The student population includes 10,054 (2021/22 - 6,921) 16-18 year old students (or 19 to 24 year old students with an EHC plan), 3,313 apprentices (2021/22 - 2,753), 754 higher education students (2021/22 – 328) and 7,506 classroom based funded adult learners (2021/22 – 3,341).

Reputation

Chichester College Group has an outstanding reputation locally, nationally and internationally. Maintaining a quality brand is essential for the Group's success at attracting students and external relationships.

Chichester College Group received its first Ofsted inspection since the mergers with Central Sussex College and Worthing College in March 2020. The Group was graded by Ofsted as Outstanding overall and Outstanding in each of the inspection aspects. The report is available at https://reports.ofsted.gov.uk/provider/31/130843

STAKEHOLDERS

In line with other colleges and with universities, Chichester College Group has a range of stakeholders, including:

- Students;
- Education sector funding bodies;
- FE Commissioner;
- Staff;
- Local employers (with specific links);
- Local authorities;
- Local Enterprise Partnerships (LEPs);
- Local community;
- Other FE institutions;
- Trade Unions;
- Professional bodies.

The Group recognises the importance of these relationships and engages in regular communication with stakeholders through a number of different channels.

PUBLIC BENEFIT

Chichester College Group is an exempt charity under the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Corporation, who are trustees of the charity, are disclosed on page 17.

In setting and reviewing the Group's strategic objectives, the Corporation has had due regard for the Charity Commission's guidance on public benefit and particularly 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 purpose, the Group provides the following identifiable public benefits through the advancement of education:

- High-quality teaching;
- Widening participation and tackling social exclusion;
- Excellent employment record for students;
- Strong student support systems;
- Links with employers, industry and commerce.

DEVELOPMENT AND PERFORMANCE

Financial Results

The Group achieved a surplus before other gains and losses in the year of £13,809,000 (2021/22 deficit of £5,354,000), with total negative comprehensive income of £(43,335,000) (2021/22 –income £40,630,000). FRS102 pension adjustments in the year impacted investment income by £3,451,000 (2021/22 – £107,000), staff costs by £1,176,000 (2021/22 - £5,707,000) and actuarial loss in respect of pension schemes by £(57,072,000) (2021/22 gain of £45,893,000). The results also included merger adjustments from the merger with GBMet of a merger gift of £7,913,000, waiver of the GBMet Adult Education Budget (AEB) grant of £1,848,000, waiver of exceptional financial support by the ESFA of £5,362,000 and settlement of loans of £2,100,000. These adjustments are shown in the table below:.

	2022/23	2021/22
	£'000	£'000
(Deficit)/Surplus before other gains and losses prior to pension and merger adjustments	(5,719)	246
Plus items relating to the merger with GBMet:		
Merger Gift (note 29)	7,913	-
2021/22 GBMet AEB clawback (note 29)	1,848	-
Waiver of exceptional financial support to GBMet (note 29)	5,362	-
Settlement of GBMet loans (note 29)	2,100	-
Less adjustments related to year end pension valuation:		
Included within staff costs - LGPS (note 24)	(1,176)	(5,707)
Included within staff costs – enhanced pensions (note 20)	48	-
Included within investment income (note 5)	3,451	107
Included within interest payable (note 10)	(18)	-
Surplus/(Deficit) before other gains and losses per statutory accounts	13,809	(5,354)

Income increased for the group in the year by £59,234,000. The increases are mainly driven by the merger with GBMet and are broken down below:

	£'000
Funding body grants (note 1)	39,123
Tuition fees and education contracts (note 2)	6,917
Other grants and contracts (note 3)	196
Other income (note 4)	1,610
Investment income (note 5)	3,475
Gain from gift on consolidation (note 29)	7,913
	59,234

Funding body grants includes a merger grant of £10,921,000, further details are given in note 29. Other increases in funding body grants are primarily related to the merger with GBMet.

The merger with GBMet also resulted in an increase in tuition fees and educational contracts, the largest increase being in tuition fees for HE courses. International fees again showed an improvement bringing them to above pandemic levels.

Other income increased this year by £1,610,000. The merger and the increase in International fees has had a direct impact on catering and residences which increased by £1,217,000. The Group's subsidiaries again showed a small, aggregated improvement in turnover compared to the previous year (see Group Companies on page 8).

The increase in investment income came mainly from the pension adjustments (£3,451,000) but also from the increased interest received on the Group's cash balances.

The Group's payroll staff costs (including restructuring costs) increased by £25,900,000 to £75,783,000 (see note 7). This increase includes the FRS102 pension adjustments. Restructuring costs of £597,000 related to 60 individuals in the year. There was no increase in the provision as a consequence of the Harpur Trust v Brazel case this year. The total provision (including £180,000 from GBMet) stands at £320,000 (see note 20).

Other operating expenditure increased by £10,532,000 to £29,377,000, mainly due to the merger. With the continued pressure on funding income and inflationary pressures, other operating expenditure continues to be tightly controlled. Future years are likely to be impacted by further inflationary pressures on raw materials, energy and supply chain issues.

Depreciation and amortisation increase by £2,784,000 primarily from the GBMet merger. Note 25 (events after the reporting period) states that Broadwater campus will close with the intention to sell the site. The Group does not believe that an impairment or enhanced depreciation is expected as a result of this decision.

The unadjusted actuarial gain in respect of pensions came to £41,548,000. However, an impairment of £98,620,000 has been applied (minimum fund requirement) giving an actuarial loss in respect of pensions of £57,072,000 (2021/22 gain of £45,893,000). More detail is provided in note 26 and the statement of accounting policies and estimation techniques on page 39. The amended actuarial loss contributed to a negative total comprehensive income for the year of £43,335,000 (2021/22 – income £40,630,000), which has been taken to reserves.

The Education earnings before interest, tax, depreciation and amortisation came to £888,000 (2021/22 £4,243,000) as follows:

		2022/23	2021/22
		£'000	£'000
Surplus/(Deficit) before other gains and losses per statutory accounts		13,809	(5,354)
Plus:	Depreciation	7,864	5,080
	Interest payable (note 10)	1,233	378
	LGPS valuation in payroll costs (note 26)	1,176	5,707
Less:	Releases of deferred capital grants (note 1)	(2,447)	(1,383)
	Interest received (note 5)	(3,582)	(107)
	Merger Gift (note 29)	(7,913)	-
EBITDA		10,140	4,321
Movement in holiday pay accrual		58	(78)
Merger Grant (note 29 – excluding merger related costs)		(9,310)	-
Education EBITDA		888	4,243

Developments

Fixed asset additions during the year amounted to £10,624,000 (£10,580,000 tangible and £44,000 intangible). This was split between land and buildings acquired of £819,000, equipment purchased of £2,536,000, assets in the course of construction of £7,225,000 (including £5,186,000 on Pelham campus, £542,000 on the Chichester STEM/HE Building and £520,000 on the Crawley IOT building), and software (treated as an intangible asset) of £44,000.

Reserves

The Group has accumulated income and expenditure reserves of £93,032,000 (2021/22 - £136,306,000) and a cash at bank and in hand balance of £7,292,000 (2021/22 - £13,001,000). Due to retrospective payment of grants in respect of the merger and Pelham, debtors include £4,163,000 relating to expenditure incurred yet to be reimbursed. Increasing cash balances to enable further development of the Group's infrastructure and campuses remains a priority for an improved operating position for the Group. Unrestricted income and expenditure reserve prior to the Pension reserve adjustment (2022/23 –£nil, 2021/22 - £49,800,000 asset), came to £74,764,000 (2021/22 - £68,001,000).

Sources of Income

The Group has a significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2022/23 the element provided by funding bodies reduced to 70.3% (2021/22 – 74.0%) of the Group's total income, partly due to the merger and recovery from the impact of COVID-19 on commercial and international income.

Group Companies

The principal activity of First Steps Childcare Group Ltd (FSCG) is the provision of nursery services, whilst Anglia Examination Syndicate Ltd (AES) principal activity is the establishment and administration of an education syllabus in a number of countries. AES showed an improvement in turnover in the year from £909,000 in 2021/22 to £926,000, whereas FSCG turnover increased from £2,246,000 in 2021/22 to £2,339,000. Although FSCG showed an increase in profit before taxation to £500,000 (2021/22 - £398,000), AES profit before taxation dropped to £44,000 from £115,000 in 2021/22. The profits generated by the subsidiaries are normally transferred to the Group under gift aid, however the Members have decided to leave 75% of the profits in FSCG and 100% of the profits in AES. In the current year, the subsidiaries generated the following results before taxation.

	2022/23	2021/22
	£	£
First Steps Childcare Group Ltd – profit before taxation	500,000	398,000
Anglia Examination Syndicate Ltd – profit before taxation	44,000	115,000

The Group has one dormant subsidiary: Chichester College Group Commercial Ltd.

FUTURE PROSPECTS

Future developments

The Group merged with GBMet on 1st August 2022. The merger was classed as a type B merger with the GBMet corporation being dissolved and all trade, assets and liabilities transferring to Chichester College Group on that date at £nil consideration. The relevant merger transactions are reported in the Group's accounts for the year ended 31st July 2023.

The merger with GBMet is supported by a three-year financial plan. Several year one income growth targets were not met in 2022/23, which combined with significant inflationary pressures, resulted in a shortfall against the planned EBITDA. It remains a financial objective to achieve the EBITDA levels articulated in the three-year plan by the final year of the plan 2024/25.

A number of major funded capital projects are underway across the Group which on completion, will have a positive impact on the delivery of the Group Estates Strategy and Masterplans.

Financial Plan

The Corporation approved a three-year financial plan in July 2022 in support of the merger with GBMet on 1st August 2022. This plan sets objectives to 2024/25.

Treasury policies and objectives

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

The Group has a separate treasury management policy in place within the Group Financial Procedures.

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

Cash flows and liquidity

The closing cash balance for the year was £7,292,000, a reduction of £5,709,000 on the previous year. Net current assets decreased by £8,642,000 to a net current liability of £(6,127,000) (2021/22 net current assets - £2,515,000). The Group's target is to maintain positive working capital cash levels throughout the year, although the merger and major grants being received in arrears of payment, has impacted on cash flows. The Group did achieve the financial covenants on the loans for 2022/23.

Ignoring the merger gift items, there was a net outflow of cash from investing activities of £2,120,000 (2021/22 - £2,230,000). Payments made to acquire new fixed assets in the year was £10,702,000 (2021/22 - £4,387,000) although this was offset by capital grants received of £8,440,000 (2021/22 £1,839,000) giving a net investment in fixed assets by the group of £2,262,000 (2021/22 - £2,548,000).

The group's bank and other borrowings at the end of the financial year amount to £19,499,000 (2021/22 - £8,313,000), further details are given in note 19. Financing of these loans and other borrowings, ignoring merger items, amounted to £1,038,000 in interest (2021/22 - £364,000) and £2,135,000 in repayments (2021/22 - £1,013,000). In addition, £2,000,000 was repaid in the year for a rolling credit facility taken on from the merger. Financing activities ignoring merger items amounted to a £4,761,000 outflow of cash.

Reserves

The Group 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 Group's core activities. The Group reserves include £156,000 (2021/22 - £89,000) held as restricted reserves. As at the balance sheet date the Income and Expenditure reserve stands at £74,764,000 (2021/22 - £117,801,000). The decrease in the 2022/23 reserves is largely attributed to the non-cash FRS102 adjustment for the LGPS pension asset.

PRINCIPAL RISKS AND UNCERTAINTIES

RISK MANAGEMENT

The Group has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the Group's assets and reputation.

Based on the strategic plan, the Group Leadership Team undertakes a comprehensive review of the risks to which the Group is exposed. Each Group Leadership Team lead identifies systems and procedures, including specific preventable actions which should mitigate any potential impact on the Group.

The Group's risk register is split into five key risk areas, finance and MIS, governance and reputation, corporate services, quality and curriculum, and commercial and growth. The risk registers are reviewed termly by the Audit & Risk Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Group and the actions being taken to reduce and mitigate the risks. Risks are rated using a consistent scoring system.

Risk management training is part of the induction programme for all new members of staff joining Chichester College Group.

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

Government funding

The Group has considerable reliance on continued government funding through the further education sector funding bodies and through OfS. In 2022/23, 70.3% (2021/22 – 74%) of the Group's revenue was ultimately grant funded. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The Group is aware of several issues which may impact future funding:

- Economic conditions / political uncertainty impacting consistent increases to 16-18 funding
- Significant uncertainty remains in the way apprentices are funded
- Qualification reform in Further Education
- Global events impacting recruitment of international students

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements;
- By ensuring the Group is rigorous in delivering high quality education and training;
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies and groups;
- Ensuring the Group is focused on those priority sectors which will continue to benefit from public funding;
- Regular dialogue with funding bodies;
- Focus on improving forecasting skills within the Group.

Tuition fee policy

Ministers have confirmed that the fee assumption remains at 50%. In line with the majority of other colleges, Chichester College Group will seek to increase tuition fees in accordance with the fee assumptions. The risk for the Group is that demand falls off as fees increase. This will impact on the growth strategy of the Group.

This risk is mitigated in a number of ways:

- By ensuring the Group is rigorous in delivering high quality education and training, thus ensuring value for money for students
- Close monitoring of the demand for courses as prices change

Attracting and retaining excellent staff

The Group is the third largest employer in Chichester and is a significant employer across West Sussex and Brighton & Hove. It works hard to ensure that its reward strategies are sufficient to attract excellent staff and retain them. However, salaries, particularly in some vocational and professional teaching areas, cannot reach the levels offered in schools, universities and the private sector and therefore attracting and retaining staff to remain with the Group is challenging across all sites.

Commercial Income

The Group has a strong reputation internationally and normally attracts circa 900 students to study in Chichester each year. It also has significant commercial income streams including two halls of residence, a sports complex, a farm and many full cost courses. The impact of Brexit and Covid-19 significantly impacted these income streams during 2020/21 to 2021/22. However these areas have recovered more quickly than expected and are largely operating at pre-pandemic levels. The Group remains committed to growing its commercial businesses, whilst recognising constraints introduced through the ONS reclassification of Colleges as public sector.

Capital Strategy

The Group continues to implement the capital strategy on an incremental basis, when funds become available.

During 2022/23, there was £10.7m spend on capital (with £8.4m of capital grants associated) across the Group on a range of major capital, refurbishment and key infrastructure projects.

A number of major funded capital projects are underway across the Group, which on completion, will have a positive impact on the condition and quality of the Group Estates infrastructure.

The Group has had five successful capital grant funding applications approved which on completion of the projects will have a significant positive impact on the delivery of the Group Estates Strategy and Masterplans.

The first application was a partnership project, led by CCG, for an Institute of Technology on the Crawley College site which will see a capital investment on the Crawley site of circa £12m and an anticipated opening date of September 2025. The second application is through the DfE's FE Capital Transformation Fund (FECTF) for a new STEM building on the Chichester site, which has been merged with a new HE Centre funded via the Office for Students, with a combined capital investment of circa £25m. This project also has an expected opening date of

September 2025. On the Pelham site in Brighton, the second phase of the campus redevelopment is in progress. This project will reclad and reglaze the tower building on the site. The project cost is circa £17m, fully funded by the FECTF, and is due to complete in September 2025. Successful delivery of these major capital schemes will support future student recruitment and lower running costs for the Group as the estate is substantially improved.

Two applications for projects to support the Group's T-Level provision have also been approved, with a total expenditure approaching £5m. These are a refurbishment of the redundant Music Block at Chichester, and a new Cattle shed on the Brinsbury Campus.

A detailed post-merger update to the Group Estates Strategy is underway and due for completion in March 2024.

Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme surplus/(deficit) on the Group's balance sheet in line with the requirements of FRS 102. The College Group's share is valued as an asset for 2022/23 based upon the actuary's report.

At the year-end there was a large movement in the overall pension valuation, this was due to sizable changes within the underlying assumptions, in particular increases to the discount rate which have reduced the net present value of the liabilities within the scheme.

Given the external economic environment the College is expecting to experience further volatility within the pension scheme in the future. Accordingly, the College has taken a prudent approach in valuing the year end position as further described within the accounting policies.

Failure to maintain the financial viability of the Group

The Group's current financial health grade was classified as 'Good' in 2021/22 however this was downgraded to 'Requires Improvement' in the three-year merged financial plan for 2022/23 and 2023/24 before a planned return to 'Good' by 2024/25. The ESFA financial health assessment agrees with the assessment of 'Requires Improvement' for 2022/23.

In recent years, the main challenge to the Group's financial position has been continued under funding of further education.

This risk is mitigated in a number of ways:

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

With the Office for National Statistics reclassification of Further Education Colleges as public sector, there are uncertainties regarding the renegotiation of the loan terms commercially. The Group is implementing measures to deal with these uncertainties, including a detailed business case presented to the Department for Education, which outlines a need for additional lending over the next two years; this is in addition to the imminent loan financing needs. The Group's management are also preparing to undertake cost reduction exercises to re-balance cost with income across the Group, using benchmarking and other data to target initiatives effectively.

ONS Reclassification

The Office for National Statistics (ONS) decision to reclassify Further Education Colleges as public sector has had a material impact on the Group's liquidity and ability to borrow. There are further areas of impact following reclassification which are changing Group operating business processes and may have implications for the subsidiary businesses, however the restrictions on borrowing are having the greatest financial impact in the short term.

Post-merger risk

The risks arising from previous mergers (Central Sussex College on 1st August 2017, Worthing College 29th March 2019) and the reopening of Haywards Heath College 1st August 2020 have been well managed and not destabilised the Group operations and financial stability.

The merger with GBMet on 1st August 2022 created additional risk and uncertainty due to the financial position absorbed at the point of merger. Despite these uncertainties, management remain confident that post-merger benefits will be realised within the three-year merger plan, supporting the overall improvement to financial performance of the Group.

KEY PERFORMANCE INDICATORS

Key Performance Indicator	Measure/Target	Actual for 2022/23
16-18 Student number targets	10,043	10,054
Student classroom achievement	Above 83.8%	84.8%
Apprentice achievement	Above 59.0%	60.0%
Progression to work, university or further education (known outcomes)	Above 90.0%	98.9%
Earnings before interest, tax, depreciation & amortisation (Management Accounts measure)	£2,831k	£1,249k
OFSTED rating	Outstanding	Outstanding
Student satisfaction "My teaching is good"	Above 90%	93%

Student achievements

Chichester College Group is committed to achieving the best outcome for its students and helping them achieve the qualifications they are studying. For the academic year 2022/23 the achievement rate for Group's classroom based learning was 84.8% (2021/22: 83.0% National Achievement Rate Tables), including English and Maths.

The Group's apprentice achievement rate was 60.0% (2021/22: 55.0% National Achievement Rate Tables).

The Group is continuing to work hard on improving the achievement rate of both its classroom based learners and its apprentices, but is already above the latest national averages (2021/22) in both areas. Classroom based learning is one percentage point above the national average of 83.8%, and apprenticeships are three percentage points above the national average of 57.0%.

Payment performance

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

Streamlined Energy and Carbon Reporting

We have continued with our commitment to reduce emissions, and work towards the AOC Carbon Neutral Agenda, with the following projects ongoing in the current financial year:

- Our ongoing programme of solar panel installation continues with projects for further roof arrays at Chichester College and Worthing colleges;
- Replacement condensing boilers installed at our Chichester Campus, to replace very old and inefficient Hamworthy Gas Boilers, which were failing;
- A new "Cloud Based" Building Energy Management System (BEMS) is currently being proposed and evaluated at Chichester College, with plans to extend this system to all our other campuses, in the coming years;
- "Powerman" PC Managements Systems are also being installed, which will automatically switch off PCs across the Group, if they are inactive for a set period;
- We continue to rationalise our Group Vehicle fleet and remove any old stock, replacing them with electric vehicles when possible;
- There are also 4 major Capital Projects underway currently at CCG, which are all new build projects, and these are all aiming to achieve "Net Zero in Operation" if possible.

The new BEMS system will lead to a significant reduction in gas usage across the Group, with an increase in electricity consumption. Our electricity contracts are 100% Renewable, which together with additional Solar generation, will contribute to an ongoing reduction in our carbon emissions.

The Group's greenhouse gas emissions and energy use for the period calculated in line with the 2019 HM Government Environmental Reporting Guidelines, the GHG Reporting Protocol – Corporate Standard and the 2021 UK Government's Conversion Factors for Company Reporting are as follows:

UK Greenhouse gas emissions and energy use date for the period	**1st August 2022 to 31st July 2023**	**1st August 2021 to 31st July 2022**
Energy consumption used to calculate emissions (kWh)		
Scope 1 emissions in metric tonnes CO2e		
Gas consumption	1,761.07	1,478.80
Owned transport	27.02	24.59
Total	1,788.09	1,503.39
Scope 2 emissions in metric tonnes CO2e		
Purchased electricity	1,968.21	1,255.78
Scope 3 emissions in metric tonnes CO2e		
Business travel in employee-owned vehicles	1.79	38.74
Total gross emissions in metric tonnes CO2e	3,758.09	2,797.91
Intensity ratio		
Metric tonnes CO2e per student/FTE/staff member/floor area	0.03	0.029

Intensity Ratio

The chosen intensity ratio measurement, for the table included above, is Total Floor Area Metre Squared.

Conclusions

The information and table above represent the first figures for the newly merged Group, and includes the GB Met sites, hence the increase in some of the usage figures. The key point to draw from the figures, is the fact that our overall use of renewable energy has increased by 56.73%, but when you factor in the increased floor area of the new Group, this represents a reduction in the intensity ratio of 11.27%.

Trade union facility time

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

FTE employee number	1,643.67

Percentage of time	**Number of employees**
0%	0
1-50%	23
51-99%	2
100%	0

Total cost of facility time	£152,406
Total pay bill	£76,280,843
Percentage of total bill spent on facility time	0.59%
Time spent on paid trade union activities as a percentage of total paid facility time	3.6%

EQUALITY AND DIVERSITY

Equality, Diversity and Inclusion

Chichester College Group is committed to providing equal opportunities for staff, students and service users and to eliminating discrimination. As detailed in the Strategic Plan, the Group's mission is achieved, in part, by remaining in the top quartile of colleges for achievement within three years whilst remaining inclusive. In addition, 'trust, respect and integrity' form one of the Group's core values. The Group understands, values and welcomes the benefits of a diverse workforce/College community and strives to create and maintain an inclusive environment. The Group aims to eliminate discrimination on the grounds of age, disability, gender, race, religion or belief, ethnic or national origin, sexual orientation, gender reassignment, pregnancy and maternity, marriage and civil partnership or socio-economic status.

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

Following the merger with GBMet, the focus for the Diversity Steering group has been to audit the provisions across the group and to ensure that the approaches to equality and diversity are consistent. The Steering Group has been reformed to reflect the new Group, and has developed a new action plan with priorities established over three years. The Group has appointed a 'Wellbeing, Engagement Inclusion Co-ordinator' and this staff member has joined the Steering Group and leads on the Staff workstream. The Group's mandatory training programme has been updated in September 2023. The Group has established a range of staff groups to support staff with protected characteristics. The Steering Group has committed to taking forward the Group's commitment to disabled applicants under the Disability Confident scheme.

Gender pay gap reporting

	Year ending 31st March 2023
Mean gender pay gap	11.4%
Median gender pay gap	19.2%
Mean bonus gender pay gap	-33.1%
Median bonus gender gap	0%
Proportion of males/females receiving a bonus	50%/50%

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

	Males	Females
1 – Lower quartile	23%	77%
2	34%	66%
3	41%	59%
4 – Upper quartile	49%	51%

The Group publishes its annual gender pay gap report on its website.

Disability statement

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

- To install lifts and ramps etc., so that as far as is practicable, all facilities will be accessible to people with disabilities;
- Providing specialist equipment which Colleges within the Group can make available for use by students;
- To take whatever steps it can to ensure that the admissions policy does not discriminate against students with disabilities. Appeals against a decision not to offer a place are dealt with under the complaints policy;
- The Group has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are also learning support assistants across all our colleges who provide a variety of support to learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- Specialist programmes are described in each College prospectus, and achievements and destinations are recorded;

- Bespoke programmes are created for students with significant needs that prevent them from engaging in a full time course;
- Students are made aware of the Counselling, Safeguarding and Wellbeing services during induction, this information is reiterated throughout the year through 1:1s with student tutors. Students are also made aware of the Complaints and Disciplinary Procedure during induction;
- Specialist provision for 14-16 year old emotionally based school refusers with SEND to enable a smooth transition into post 16 provision.

GOING CONCERN

The activities of the Group, together with the factors likely to affect its future development and performance are set out in the Members Report.

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

Financial plans were developed and submitted to the ESFA by 31st July 2023 on the basis that the entity remains a going concern. Uncertainty remains however in terms of the wider economic conditions and regulatory environment for all general Further Education colleges, specifically for a large multi-site post-merger organisation, such as Chichester College Group.

The Office for National Statistics (ONS) decision to reclassify Further Education Colleges as public sector has had a material impact on the Group's liquidity and ability to borrow. There are further areas of impact following reclassification which are changing operating business processes and practice, however the restrictions on borrowing are having the greatest financial impact.

Since the Further Education Area Review commenced in 2015, Chichester College Group has been delivering on the recommendation to explore merger and partnership opportunities to expand and grow income streams. Over the course of the previous eight years, three mergers and a reopening of a closed site have been successfully delivered.

Historic data from this period shows that in the year following a substantive merger, there is typically a reduction in overall financial performance before an improvement within the wider three-year plan period associated with each merger. Evidence of a reduction in financial performance is illustrated in these 2022/23 results following the recent merger with GBMet.

In addition to the initial financial impact of the GBMet merger, the Group, in line with the Further Education sector, has been experiencing two significant further financial challenges in the current and foreseeable trading environment. Firstly, inflationary pressures (and in particular energy cost increases) are creating a significant challenge to operating cost budgets. The 2022/23 results highlight the impact of inflation on operating costs across the Group. The 2023/24 outlook is greater still with unfunded increases to operating costs of circa 9%, most of which was driven by a £1.4m increase in energy costs following the end of all our fixed price contracts in 2022/23. Whilst new contracts have only been agreed for one-year to take advantage of any price reductions in the short term, external geo-political factors suggest a sharp reduction in price may not be achievable at the next contract point. Secondly, there remains a significant risk and pressure to the Group resulting from comparatively low pay levels in the Further Education sector. Recent funding increases provided by government have provided some support however recruitment and retention is a real issue and pay will need to be kept under constant review which places additional financial pressures on the Group.

The Group is experiencing strong growth in its core 16-18 business. If current 2023/24 enrolment numbers convert to retained students, the group should see a circa 5% increase in the 2024/25 allocation alongside a proportionate increase to 2023/24 in-year funding.

In response to the post ONS reclassification and our inability to renegotiate loan terms commercially, coupled with the initial financial impact of the merger, members of the Corporation and the executive management team are implementing measures to deal with these uncertainties. These measures include a detailed business case to the Department for Education which outlines a need for additional lending over the next two years which is in addition to the imminent loan financing needs. Management are also preparing to undertake cost reduction exercises to rebalance cost with income across the Group using benchmarking and other data to target initiatives most effectively. The combined intention of these measures is to have an immediate positive impact on cashflow whilst being mindful of the uncertainties in the environment.

The College Group has prepared forecasts including cashflow projections for a period up to 31 July 2025. These indicate that the Group will continue to be under financial pressure for reasons outlined elsewhere in these financial statements. On 1 August 2024 certain of the bank borrowings fall due for repayment and due to the reclassification of Further Education Colleges the Group will be unable to negotiate new borrowings with its bankers. Therefore, discussions have commenced with the ESFA requesting that they assume responsibility for the repayment of the bank debt and to provide additional facilities to meet the forecast deficit and cash shortfall. These matters create a material uncertainty and without the provision of support from the ESFA there may be a significant doubt over the Groups ability to continue as a going concern. The Governors are actively monitoring the situation through regular communication with the Senior Leadership Team and through additional meetings as required and are confident that a satisfactory resolution will be achieved in the near future.

Despite these uncertainties, the Governors are confident that post-merger benefits will support the improvement to operating financial performance and the Group will continue to thrive and as such the accounts are prepared using the going concern basis.

EVENTS AFTER THE REPORTING PERIOD

On 26th September 2023, it was announced that the Group will be closing the Broadwater campus and moving the provision, including associated staff and equipment, to West Durrington, Shoreham and Worthing College campuses. It is expected to take two years for the move to complete with the intention to sell the Broadwater site and re-invest the proceeds into Worthing based college sites, providing better facilities for young people, apprentices and adults in the local area.

To support the disposal, the Group have instructed professional advisors that have provided three initial options showing the intention to re-use the new/refurbished buildings for the redevelopment. The options were used for the basis of a formal Pre-App meeting with the local planners. A written response is outstanding but they confirmed their support of the proposals at the meeting.

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 Group'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 Group's auditors are aware of that information.

Approved by order of the members of the Corporation on 13th December 2023 and signed on its behalf by:

Helen Kilpatrick

Helen Kilpatrick (Dec 15, 2023 10:00 GMT)

Helen Kilpatrick CB

Chair

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the Group's annual report and accounts 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.

Governance Code

The Group 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 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 Corporation, the Group complies with the provisions of the Code, and it has complied throughout the year ended 31st July 2023. This opinion is based on an internal review of compliance with the Code. A formal annual review has not been reported to the Board, however this will be done alongside an external governance review that started in October 2023. This will be reported to the Board in February 2024. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. 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, which it formally adopted on 21st March 2016.

The Corporation

The members who served on the Corporation during the year 2022/23 and up to the date of signature of this report were as listed in the table below.

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committee Membership	Attendance in 2022/23
Oluwatosin Adebisi	1st August 2022	Until 31st December 2023		Independent Member	Northbrook and Working Curriculum & Quality Committee	17%
Kamaljit Bains	1st November 2023	Until 31st October 2027 (4 years)		Independent Member		N/a
Lord Steven Bassam	18th October 2022	Until 31st July 2023. Extended to 31st October 2023. Extended from 1st November 2023 (four years)		Independent Member	Brighton Met and Haywards Heath Curriculum & Quality Committee	50%
Christopher Bennett	10th March 2023	Until 9st March 2027 (4 years)		Independent Member	Finance & General Purposes Committee	75%
Dr Roy Bowden	29th March 2019	Until 31st March 2025		Independent Member	Audit & Risk Committee, Northbrook and Working Curriculum & Quality Committee	100%
Martin Colyer	1st August 2022	Until 31st July 2023, extended to 31st October 2023	31st October 2023	Independent Member	Audit & Risk Committee	83%
Steve Cooper	29th March 2019 Appointed as Vice-Chair from 1st August 2022	Until 16th July 2022 (continued term of office from Worthing College Corporation). Vice-Chair		Independent Member	Finance & General Purposes Committee, Remuneration Committee, Governance & Search Committee	73%

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committee Membership	Attendance in 2022/23
		appointment for two years				
Jane Dodsworth	1st August 2013, re-appointed 1 August 2017 Reappointed as Governor for one year from 1st August 2022	One year extension from 1st August 2022	31st July 2023	Independent Member	Resources Committee, Chichester Staff Committee, Governance & Search Committee, Remuneration Committee	85%
Danielle Dunfield-Prayero	1st November 2023	Until 31st October 2027 (4 years)		Independent Member		N/a
Keira Embleton	14th October 2021	To the end of term as Student President	31st July 2023	Student Governor	Student Committee	78%
Nick Fox	1st January 2013 Reappointed as Governor for one year from 1st August 2022	One year extension from 1st August 2022	31st July 2023	Independent Member	Resources Committee, Audit & Risk Committee, Governance & Search Committee, Remuneration Committee	79%
Gayathri Ganesan	1st November 2023	Until 31st October 2027 (4 years)		Independent Member		N/a
Andrew Green	14th October 2021	Ex-officio		Chief Executive	Finance & General Purposes Committee, Resources Committee, Governance & Search Committee, Chichester Curriculum & Quality Committee, Crawley and Brinsbury Curriculum &	100%

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committee Membership	Attendance in 2022/23
					Quality Committee, Chichester Staff Committee, Group Student Committee, Crawley Staff Committee, Northbrook and Worthing Curriculum & Quality Committee, Brighton Met and Haywards Heath Curriculum & Quality Committee	
David Jones	1st August 2020	Until 31st July 2024 (4 years)		Independent Member	Chichester Curriculum & Quality Committee, Chichester Staff Committee	88%
Helen Kilpatrick CB	1st January 2019 Appointed as Chair for two year term of office from 1st August 2022	Until 31st July 2024 (4 years - initial term, two year term of office as Chair)		Independent Member	Governance & Search Committee, Remuneration Committee	75%
Paul Lansdowne				Staff Governor	Northbrook and Worthing Curriculum & Quality Committee	100%
Richard Moore	1st August 2020	Until 31st July 2024 (4 years)		Independent Member	Chichester Curriculum & Quality Committee	100%
David Russell	1st August 2022	Until 31st July 2024 (4 years)	8th December 2022	Independent Member	Brighton & Haywards Health Curriculum & Quality Committee	100%

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committee Membership	Attendance in 2022/23
Ryan Sallows	1st August 2017	Until 31st July 2025		Independent Member	Crawley and Brinsbury Curriculum & Quality Committee, Crawley Staff Committee	75%
Dr James Sarmecanic	1st August 2017	Until 31st July 2025		Independent Member	Governance & Search Committee, Remuneration Committee	100%
Tom Simmonds	16th May 2023	Until 15th May 2027 (4 years)		Independent Member	Resources Committee	100%
Steven Skinner	1st November 2023	Until 31st October 2027 (4 years)		Independent Member		N/a
Nick Sutherland	1st August 2016	Until 31st December 2024		Independent Member	Group Student Committee, Finance & General Purposes Committee	50%
Donna Turner-Irwin	1st August 2021	Until 31st July 2025 (4 years)		Staff Governor	Brighton Met and Haywards Heath Curriculum & Quality Committee	67%
Ellen Walsh	1st August 2021	Until 31st July 2025 (4 years)	18th September 2023	Independent Member	Finance & General Purposes Committee	83%
Caroline Wood	1st January 2015, re-appointed 1st January 2020	Until 31st December 2024 (4 years)	31st July 2023	Independent Member	Northbrook and Worthing Curriculum & Quality Committee	67%
Paul Wright	1st August 2013, re-appointed 1st August 2017. Reappointed as Governor from	Until 31st July 2024 (One year extension)		Independent Member	Finance & General Purposes Committee, Governance & Search Committee,	100%

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committee Membership	Attendance in 2022/23
	1st August 2022				Remuneration Committee	

Co-opted Members who served on Committees of the Corporation during the year, are as follows:

Name	Date of Appointment	Term of Office	Date of resignation	Status of appointment	Committee Membership	Attendance in 2022/23
Amy Kensett	7th December 2022	Until 30th November 2026		Co-opted member	Audit & Risk Committee	100%
Zoe Wright	15 October 2020	Until 14th October 2024 (4 years)		Co-opted member	Resources Committee, Crawley and Brinsbury Curriculum & Quality Committee	67%

The Governance Framework

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

The Corporation is provided with regular and timely information on a range of topics and items, including:

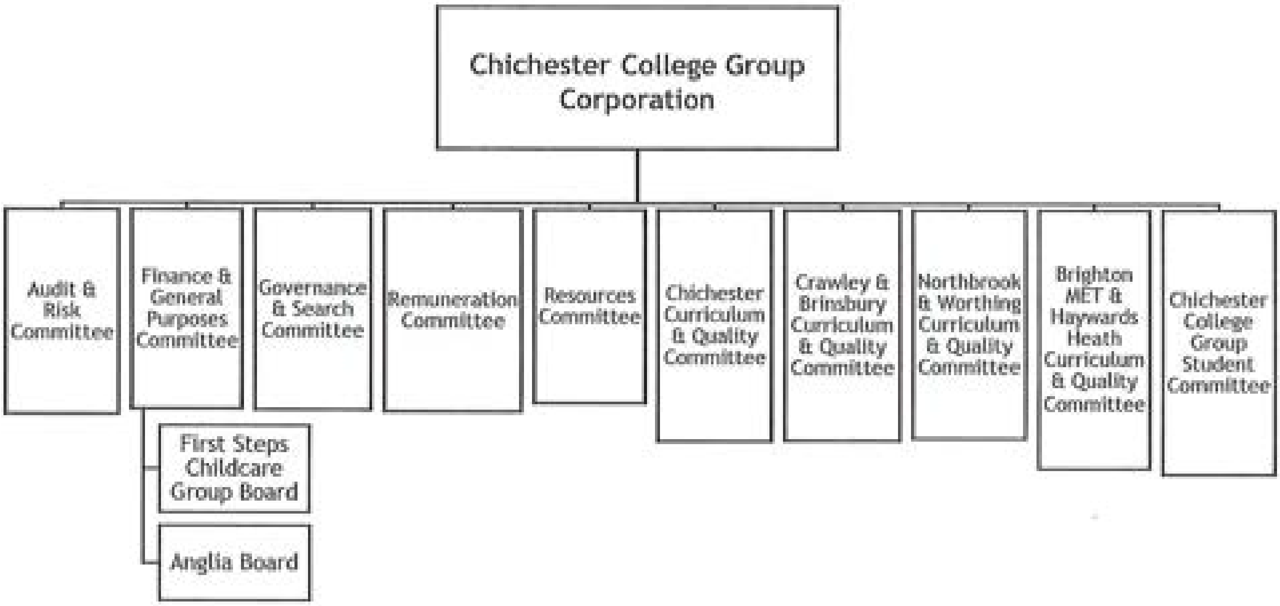
- The performance against the College Group's success measures;
- The performance of teaching, learning and assessment, including student achievement, retention and attendance;
- Overall financial performance of the Group;
- Progress against funding targets and capital projects;
- Stakeholder feedback, including student and staff surveys;
- HR related matters and health and safety and environmental issues;
- Developments within the FE and education sector generally.

A key focus for the Corporation in 2022/23 was the development and approval of the College Group's new Strategic Plan.

During the year 2022/23 the Corporation met on six occasions, on the following dates:

- Tuesday, 18th October 2022;
- Wednesday, 7th December 2022;
- Friday, 10th March 2023;
- Wednesday, 29th March 2023;
- Tuesday, 16th May 2023;
- Wednesday, 5th July 2023.

The Corporation conducts its business through a number of committees, each with their own terms of reference, which have been approved by the Corporation. The governance structure is set out below.



Minutes of the Corporation meetings, with the exception of business deemed to be confidential by the Corporation, are available on the Group's website at www.chichestercollegegroup.ac.uk or from the Clerk to the Corporation at:

Chichester College Group
Westgate Fields
Chichester
West Sussex
PO19 1SB

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

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

The Corporation and Committees meet in line with a scheduled calendar of meetings. Formal agendas, papers and reports are supplied to members in a timely manner, prior to Corporation and Committee meetings. Briefings are provided to members on a regular basis throughout the academic year.

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Governance & Search Committee, consisting of five members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration.

Members of the Corporation are appointed for a term of office not exceeding four years and may serve up to two terms of office, a maximum of eight years. This may be extended in exceptional circumstances.

Corporation Performance

FE corporations have a requirement to undertake an external board review between July 2021 and July 2024 and every three years after that point. Chichester College Group's external governance review started in October 2023. The final report is due to be presented to the Corporation in February 2024. This will be supported by a comprehensive action plan linked to the recommendations arising from the review.

The extract from Chichester College Group's Self-Assessment Report 2022/23, which relates to governance is as follows:

- Staff, leaders and governors foster a culture of high expectations across the College Group at all levels that impacts positively on the student experience.
- The College Group Leadership Team, with support from the Governing Body, recognise and drive curriculum responsiveness to skills need in each of the College locations. Leaders and managers place significant value on links with the local community and stakeholders which contribute to the effectiveness of the curriculum in meeting employers needs and vibrancy of the College communities.
- Leaders and governors engage very effectively with a wide range of stakeholders.

The Clerk to the Corporation holds an ICSA Certificate in FE Governance and a professional Diploma in Governance from the Chartered Governance Institute UK & Ireland. During the year 2022/23 the Clerk completed the Group's mandatory training modules for Safeguarding & Prevent and Health & Safety. The Clerk also attended regional and national networking events for FE governance professionals.

During the year 2022/23 Corporation development events covered a range of topics including:

- Understanding the Group's risk appetite;
- Strategic visioning for Chichester College Group;
- The accountability framework;
- Sussex LSIP delivery and meeting the local skills need.

The Corporation commissioned its external board review in September 2023, the scope of the review includes looking at performance of the Corporation in 2022/23. The external reviewer will present their report and findings to the Corporation in February 2023. This will be followed up by an action plan to address recommendations arising from the review.

Remuneration Committee

Throughout the year ending 31st July 2023, the Group's Remuneration Committee comprised six members of the Corporation. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer and the other senior post-holders. In 2022/23 the Committee met on the following dates:

- Thursday, 29th November 2022;
- Thursday, 23rd May 2023.

The Corporation adopted the AoC's Senior Post Holder Remuneration Code in July 2019 and complies with the main principles of the Code. The senior post-holders within the remit of the Remuneration Committee are the Chief Executive & Accounting Officer, Executive Principal, Chief Financial Officer, Chief Operating Officer and Chief

Commercial Officer. The Remuneration Committee also makes recommendations to the Corporation in relation to the Clerk's remuneration.

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

Audit & Risk Committee

The Audit & Risk Committee comprised three members of the Corporation, plus a Co-opted Member (excluding the Accounting Officer and Chair of the Corporation). The Committee operates in accordance with written terms of reference approved by the Corporation.

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

The Group'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 & Risk 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 & Risk 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 & Risk Committee met three times in the year to 31st July 2023. The members of the committee and their attendance records are shown below:

Committee Member	Meetings attended
Martin Colyer	3
Dr Roy Bowden	3
Nick Fox	3
Amy Kensett, Co-opted Member (maternity leave until June 2023)	1

Internal control

Scope of responsibility

The Corporation is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. The 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 Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the Group's policies, aims and objectives, whilst safeguarding the public funds and assets for which the Chief Executive is personally responsible, in accordance with the responsibilities assigned to the Chief Executive in the Financial Memorandum between Chichester College Group and the funding bodies. The Chief Executive 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 Group 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 Chichester College Group for the year ended 31st 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 Group 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 Group's significant risks that has been in place for the period ending 31st July 2023 and up to the date of approval of the annual report and accounts. This process is reviewed each term by the Audit & Risk Committee and 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 Corporation.
- Regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts.
- Setting targets to measure financial and other performance.
- Clearly defined capital investment control guidelines.
- The adoption of formal project management disciplines, where appropriate.

Chichester College Group 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 Group is exposed, with annual internal audit plans based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit & Risk Committee. The Group's internal auditors provide the Corporation with an annual report on internal audit activity for the College Group. The report includes the internal auditor's independent opinion on the adequacy and effectiveness of the Group's system of risk management, controls and governance processes.

Risks faced by the Corporation

The Corporation confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Chichester College Group. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Corporation. The Corporation's Audit & Risk Committee is charged with overall responsibility for maintenance & review of the Risk Register, which it does on a termly basis. Each of the Group's strategic risk areas has an owner within the Executive Team, responsible for the day to day oversight of the risks and mitigations in place to manage those risks. The Audit & Risk Committee are empowered through the Committee terms of reference to make recommendations to the Corporation on the adequacy and effectiveness of the College Group's arrangements for risk management.

The Corporation is responsible for determining the nature and extent of the significant risks they are willing to take in achieving their strategic objectives. During the year the Corporation undertook a piece of work to determine the Group's overarching risk appetite as set out in the policy.

Control weaknesses identified

The 2022/23 internal audit programme reviewed the following areas:

- Safeguarding
- Risk management (recruitment deep dive)
- General Data Protection Regulation (GDPR)
- Cyber risk assessment
- Key financial controls
- Learner number systems
- Follow up

A summary of the assurance levels and actions agreed is set out below.

Internal Audit area	Assurance level	Actions agreed		
		L	M	H
Safeguarding	Reasonable assurance	2	2	0
Risk management (recruitment deep dive)	Substantial assurance	5	0	0
GDPR	Advisory only	2	3	1
Cyber risk assessment	Partial assurance	2	9	1
Key financial controls	Substantial assurance	3	0	0
Learner number systems	Advisory only	11	4	0
Follow up	Reasonable progress	0	0	0

The College Group's internal auditors have concluded the that the organisation 'has an adequate and effective framework for risk management, governance and internal control'. No significant internal control weaknesses were identified during the course of the internal auditors work.

No significant internal control weaknesses were identified during the course of the external auditors work.

Responsibilities under funding agreements

The Corporation has funding agreements and contracts in place with a number of organisations including the ESFA and the OfS, which are signed by the Chief Executive as Accounting Officer.

All funding streams have specific individuals responsible for ensuring that the terms and conditions of funding are met. The Group will review all funding rules and ensure that these are supported by appropriate learner records as well as ensuring there are adequate controls to support the requirement for regularity and proprietary in the use of funding. This includes:

- Having approved policies and procedures in place, such as the Financial Regulations;
- Purchase systems require hierarchal authorisation for all purchases at the point of order and payment. This ensures all proposed expenditure is authorised in advance and approved by the appropriate individuals, thus assisting in maintaining budgetary control;
- Setting and regularly monitoring an annual budget. The budget is set prior to the start of the year and approved by the Board. Management accounts are produced and reviewed by the Group Leadership Team on a monthly basis and are presented on a regular basis throughout the year to the Finance & General Purposes Committee and the Corporation;
- Monthly reconciliation and submission of the ILR to the ESFA; and
- Monthly completion and review of key financial reconciliations, such as the bank, debtors and creditors reconciliation, to confirm the accuracy and validity of financial transactions.

During 2022/23, all returns/claims required under the funding agreements have been submitted in accordance with the deadlines.

Statement from the Audit & Risk Committee

Based upon a review of the work undertaken by the Internal and External Auditors during the year and subject to limitations placed upon their opinions, the Audit & Risk Committee has advised the board of governors that the Corporation has an effective framework for governance and risk management in place. The Audit & Risk Committee believe the corporation has effective internal controls in place.

The specific areas of work undertaken by the Audit & Risk Committee in 2022/23 and up to the date of the approval of the financial statements include termly reviews of the Group's risk registers, reviews of the work undertaken by the internal and external auditors and approval of the internal and external audit plans.

An overview of the work of the Corporation's internal auditors is set out under the section of this report relating to control weaknesses. Following due consideration of the internal audit reports, the Audit & Risk Committee were satisfied that actions were in place to address all of the recommendations raised by the internal auditors. On the basis of their work, the internal auditors concluded that the Group has 'an adequate and effective framework for risk management, governance and internal control...our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective'.

The external audit findings were presented to the Audit & Risk Committee in November 2023. Overall, there was one Grade C recommendation relating to approval of journals and one Grade C recommendation relating to the College Group's ILR system. Appropriate actions had been identified for both areas. The external auditors had confirmed that they 'anticipate issuing an unqualified audit opinion for the year ended 31st July 2023 for the Group and trading subsidiaries'.

Review of effectiveness

As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. The 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 Group who have responsibility for the development and maintenance of the internal control framework;
- comments made by the Group's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

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

The Group Leadership Team receives reports setting out risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded across the College Group. The Group Leadership Team and the Audit & Risk Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit & Risk 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 management and control and receives reports thereon from the Audit & Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its meeting in December 2022, the Corporation considered the annual report from the Audit & Risk Committee for the year ended 31st July 2022, which set out the Committee's opinion on the Group's systems for Internal Controls, Risk Management and Governance.

Based on the advice of the Audit & Risk Committee and the Accounting Officer and taking account of events since 31st July 2023, the Corporation is of the opinion that the Group 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 13th December 2023 and signed on its behalf by:

Helen Kilpatrick
Helen Kilpatrick (Dec 15, 2023 16:07 GMT)

Helen Kilpatrick CB
Chair

Andrew Green (Dec 15, 2023 08:55 GMT)

Andrew Green
Accounting Officer

Chichester College Group

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.

Andrew Green (Dec 15, 2023 08:56 GMT)

Andrew Green

Accounting Officer

Date: Dec 15, 2023

Statement of the Corporation Chair

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.

Helen Kilpatrick

Helen Kilpatrick (Dec 15, 2023 10:07 GMT)

Helen Kilpatrick CB

Chair

Date: Dec 15, 2023

Statement of Responsibilities of the Members of the Corporation

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

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for 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 13th December 2023 and signed on its behalf by:

Helen Kilpatrick
Helen Kilpatrick (Dec 15, 2023 10:07 GMT)

Helen Kilpatrick CB
Chair

Independent Auditor's Report to the Corporation of Chichester College Group

Opinion

We have audited the financial statements of the Corporation of Chichester College Group (the 'College') and its subsidiaries (the 'Group') for the year ended 31st July 2023 which comprise the Consolidated and College Statements of Comprehensive Income, the Consolidated and College Statements of Changes in Reserves, the Group and College Balance Sheets, the Consolidated Statement of Cash Flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2023 the Group's and College's income over expenditure for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, UK GAAP and the current College Accounts Direction.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and 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.

Material uncertainty related to going concern

We draw attention to statement of accounting policies and estimation techniques on page 39 in the financial statements and disclosures in the Members' Report, which indicate that whilst budgeted results for the period to 31 December 2024 suggest the Corporation can continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue, these are based on budgeted levels of income, cost reduction exercises that will have immediate effects on expenditure and cashflow as well as loan support from the ESFA. As stated in the statement of accounting policies and estimation techniques, these events or conditions, along with the other matters as set forth in the Members' Report, indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Our responsibilities and the responsibilities of the Members 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Opinions on other matters prescribed in the Office for Students' Accounts Direction (OfS 2019.41)

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, if relevant, managed in accordance with relevant legislation;
- funds provided by the Office for Students and the Education and Skills Funding Agency have been applied in accordance with the relevant terms and conditions;
- The requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

Under the Office for Students' Accounts Direction, we are required to report to you, if we have anything to report in respect of the following matters:

- The College's grant and fee income, as disclosed in note number 1 to the financial statements, has been materially misstated; or
- The College's expenditure on access and participation activities for the financial year, as disclosed in note number 8a to the financial statements, has been materially misstated

We have no matters to report arising from this responsibility.

Responsibilities of the Corporation of Chichester College Group

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

In preparing the financial statements, the Governing Body is responsible for assessing the Group's and 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 Governing Body either intends to liquidate the Group or 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:

- Obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Group operates in and how the Group is complying with the legal and regulatory frameworks;
- Enquiry of management and those charged with governance to identify any instances of known or suspected instances of fraud;
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of College staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness;
- Evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

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

Use of our report

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

MHA

MHA
Chartered Accountants and Registered Auditor
London, United Kingdom

Date: Dec 20, 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Independent Reporting Accountant's Assurance Report on Regularity

To: The Corporation of Chichester College Group and Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 4th December 2023 and further to the requirements and conditions of funding in 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 Chichester College Group 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 ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

This report is made solely to the corporation of Chichester College Group and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Chichester College Group and 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 Chichester College Group and ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Chichester College Group and the reporting accountant

The Corporation of Chichester College Group 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 ESFA. We performed a limited assurance engagement as defined in that framework.

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;
- Further testing and review of self-assessment questionnaire including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and

- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support 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 1st August 2022 to 31st July 2023 has not been applied to purposes intended by Parliament, that the financial transactions do not conform to the authorities that govern them.

MHA

MHA
Chartered Accountants and Registered Auditor
London, United Kingdom

Date: Dec 20, 2023

MHA is the trading name of Macintyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Statement of Accounting Policies and Estimation Techniques

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

General Information

Chichester College Group is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the Group's principal place of business is given on page 22. The nature of the Group's operations are set out in the Member's Report.

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 2022/23 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The Group 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 Group's accounting policies. The accounts are rounded to the nearest thousand pound sterling, other than where indicated, which is the functional currency of the Group.

The principal accounting policies applied in the preparation of the consolidated and separate financial statements are set out below. These policies have been applied consistently to all years presented, unless otherwise stated.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by revaluation of certain non-current assets.

Basis of consolidation

The consolidated financial statements include the Group and its subsidiaries, First Steps Childcare Group Limited, Anglia Examination Syndicate Limited and Chichester College Group Commercial Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College Group does not control those activities. All financial statements are made up to 31st July 2023.

Going concern

As noted in the Members' Report, the ongoing uncertainty in relation to lending post ONS reclassification impacting the Corporation's cashflows raises obvious challenges and general uncertainty in the environment, but the Governors are confident that the Corporation is well placed to navigate these challenges.

The Governors have assessed the use of the going concern principle in preparing these financial statements and have considered possible events or conditions that might cast significant doubt on the ability of the Group to continue as a going concern.

The Governors have made this assessment for the period to 31 December 2024, being a period of at least one year from the date of the approval of these financial statements and hence represents their assessment of the period of the foreseeable future.

In response to the post ONS reclassification inability to renegotiate loan terms commercially, coupled with the financial challenges brought about by the recent merger with GBMet, the members of the Corporation and the executive management team are implementing measures to deal with these uncertainties. These measures include a detailed business case to the ESFA which outlines a need for additional lending over the next two years which is in addition to the imminent bank loan refinancing. Management are also preparing to undertake cost reduction exercises to rebalance cost with income across the Group using benchmarking and other data to target initiatives most effectively. The combined intention of these measures is to have an immediate positive impact on cashflow whilst being mindful of the uncertainties in the environment.

In producing the evidenced based business case to the ESFA and cost savings initiatives, the executive management team have used scenario modelling to stress test cash days in hand liquidity to July 2025 as well as a detailed consideration of capital expenditure requirements over the same period.

The College Group has prepared forecasts including cashflow projections for a period up to 31 July 2025. These indicate that the Group will continue to be under financial pressure for reasons outlined elsewhere in these financial statements. On 1 August 2024 certain of the bank borrowings fall due for repayment and due to the reclassification of Further Education Colleges the Group will be unable to negotiate new borrowings with its bankers. Therefore, discussions have commenced with the ESFA requesting that they assume responsibility for the repayment of the bank debt and to provide additional facilities to meet the forecast deficit and cash shortfall. These matters create a material uncertainty and without the provision of support from the ESFA there may be a significant doubt over the Groups ability to continue as a going concern. The Governors are actively monitoring the situation through regular communication with the Senior Leadership Team and through additional meetings as required and are confident that a satisfactory resolution will be achieved in the near future.

The Governors consider that this provides them with a reasonable expectation that the Group will be able to continue operations and to meet its liabilities as they arise for the foreseeable future and hence have adopted the going concern basis in preparing these financial statements. The Executive and Governors are confident of support from the ESFA to guarantee cashflows.

Recognition of income

Revenue grant funding

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

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

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

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other capital grants are recognised in income when the Group 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 earned.

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

Redundancy and termination payments

Redundancy and termination payments are recognised immediately upon becoming a constructive obligation.

Accounting for post-employment benefits

Post-employment benefits to employees of the Group 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 Group 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.

West Sussex Local Government Pensions Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

At the year end, the initial actuarial report from the Scheme Actuary reported a net pension asset of £98.62m. When the Scheme gives rise to a potential asset position, the Governors are required to assess the basis for recognising an asset on the balance sheet against the FRS102 criteria, this being "An entity shall recognise the plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or refunds from the plan." In using the word "shall", the emphasis is placed upon the College to consider the value of such an asset, rather than whether an asset should be recognised in the first instance. Accordingly, the College has considered the value at which they can benefit from either (1) refunds from the plan or (2) reduced contributions. As the College intends to continue to participate in the LGPS, the likelihood of a refund being due from the Scheme has been deemed as remote and not practically achievable.

Secondly, the College has undertaken an exercise to assess the Minimum Fund Requirement (MFR) due to the Scheme in order to calculate the net present value of the asset which will be the value of a perpetuity of the future service cost minus the present value of the employer contributions. The outcome of this calculation has shown that the College is unlikely to gain economic benefit from a reduction in future contributions.

Accordingly, the college has made an impairment charge on the asset reducing the net position at the year ended 31 July 2023 to £98.62m. Therefore, no defined benefit pension asset has been included in the financial statements.

NEST pension scheme (NEST)

NEST is a defined contribution scheme. Contributions to NEST are expensed as they become payable.

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 Group. Any unused benefits are accrued and measured as the additional amount the Group 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.

Non-current Assets - Tangible fixed assets

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

Investment properties are valued at the fair value at each reporting date, in accordance with FRS 102. Fair value being the price that would be received when selling an asset in an orderly transaction between market participants at the measurement date and using assumptions of the market conditions and risk at that date.

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

Land and buildings

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

- Buildings – up to 50 years
- Refurbishments – 10 years

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

Freehold buildings are depreciated over their expected useful economic life to the Group up to a maximum of 50 years. The Group has a policy of depreciating major adaptations to buildings over the period of their useful economic life of up to a maximum of 50 years.

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable. On adoption of FRS 102, the Group followed the transitional provision to retain the book value of land and buildings, which were revalued in 2014 (land only), as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

Equipment

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition, unless part of a larger project. All other equipment is capitalised at cost.

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

• Plant and machinery	5-10 years
• motor vehicles and general equipment	4 years
• computer equipment	3 years
• furniture and fittings	5 years

A review for impairment of 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.

Non-current Assets - Intangible fixed assets

Intangibles other than Goodwill

Intangibles other than goodwill are measured after initial recognition under the cost model and recognised at cost less accumulated amortisation and impairment losses. Intangibles other than Goodwill are amortised on a straight-line basis over its remaining useful economic life as follows:

• Software and websites	3 years

Goodwill

Goodwill is amortised on a straight-line basis over its useful economic life. In the absence of a reliable estimate of the useful life, Goodwill is amortised over 5 years on a straight-line basis.

Borrowing costs

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

Leased assets

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

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

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

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

Investments

Investments in subsidiaries

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

Other investments

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

Inventories

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

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to income in the period in which they arise.

Taxation

The Group 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 Group is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Group is partially exempt in respect of Value Added Tax, so that it can only recover around 2.0% 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.

The Group's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Provisions and contingent liabilities

Provisions are recognised when

- The Group 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.

Provisions for dilapidations are provided when the Group becomes obligated and the liability can be reliably estimated.

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31st March 2019 has been used by the actuary in valuing the pensions liability at 31st 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. Given that an asset has been recognised, an impairment review has been undertaken. Please see Accounting for post-employment benefits on page 41 and Note 26.

CHICHESTER COLLEGE GROUP

Consolidated & College Statements of Comprehensive Income for the year ended 31st July 2023

	Notes	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Income					
Funding body grants	1	90,047	90,047	50,924	50,924
Tuition fees and education contracts	2	15,113	15,167	8,196	8,216
Other grants and contracts	3	419	419	223	223
Other income	4	10,992	8,335	9,382	6,733
Investment income	5	3,582	3,574	107	107
Donations and Endowments	6	-	250	-	-
Gain from gift on consolidation	29	7,913	7,913	-	-
Total income		128,066	125,705	68,832	66,203
Expenditure					
Staff costs	7	75,186	73,165	49,828	47,858
Restructuring costs	7	597	594	55	55
Other operating expenses	8	29,377	29,348	18,845	18,656
Depreciation & Amortisation	12-13	7,864	7,848	5,080	5,048
Interest and other finance costs	10	1,233	1,233	378	377
Total expenditure		114,257	112,188	74,186	71,994
Surplus/(Deficit) before other gains and losses		13,809	13,517	(5,354)	(5,791)
Gain/(Loss) on investments		5	5	-	-
Gain/(Loss) on investment properties		-	-	91	91
Surplus/(Deficit) before tax		13,814	13,522	(5,263)	(5,700)
Taxation payable	11	77	-	-	-
Surplus/(Deficit) for the year		13,737	13,522	(5,263)	(5,700)
Actuarial (loss)/gain in respect of pensions	26	(57,072)	(57,072)	45,893	45,893
Total Comprehensive Income for the year		(43,335)	(43,550)	40,630	40,193
Represented by:					
Unrestricted comprehensive income		(43,335)	(43,550)	40,630	40,193
Restricted comprehensive income		-	-	-	-
		(43,335)	(43,550)	40,630	40,193
Surplus/(Deficit) for the year attributable to:					
Non controlling interest		-	-	-	-
Group		13,737	13,522	(5,263)	(5,700)
		13,737	13,522	(5,263)	(5,700)
Total Comprehensive Income for the year attributable to:					
Non controlling interest		-	-	-	-
Group		(43,335)	(43,550)	40,630	40,193
		(43,335)	(43,550)	40,630	40,193

All items of income and expenditure relate to continuing activities

CHICHESTER COLLEGE GROUP

Consolidated and College Statement of Changes in Reserves for the year ended 31st July 2023

	Income and Expenditure account £'000	Restrictive reserve £'000	Revaluation reserve £'000	Investment Property Revaluation reserve £'000	Total £'000
Group					
Balance at 1st August 2021	76,529	89	17,907	1,151	95,676
(Deficit)/Surplus from the income and expenditure account	(5,354)	-	-	91	(5,263)
Other comprehensive income	45,893	-	-	-	45,893
Additions through business combination	-	-	-	-	-
Transfers between revaluation and income and expenditure reserves	733	-	(415)	(318)	-
	41,272	-	(415)	(227)	40,630
Balance at 31st July 2022	117,801	89	17,492	924	136,306
(Deficit)/Surplus from the income and expenditure account	13,732	5	-	-	13,737
Other comprehensive income	(57,072)	-	-	-	(57,072)
Additions through business combination	-	61	-	-	61
Transfers between reserves	303	1	(304)	-	-
Total comprehensive income for the year	(43,037)	67	(304)	-	(43,274)
Balance at 31st July 2023	74,764	156	17,188	924	93,032
College					
Balance at 1st August 2021	76,700	89	17,907	1,151	95,847
(Deficit)/Surplus from the income and expenditure account	(5,791)	-	-	91	(5,700)
Other comprehensive income	45,893	-	-	-	45,893
Additions through business combination	-	-	-	-	-
Transfers between revaluation and income and expenditure reserves	733	-	(415)	(318)	-
	40,835	-	(415)	(227)	40,193
Balance at 31st July 2022	117,535	89	17,492	924	136,040
(Deficit)/Surplus from the income and expenditure account	13,517	5	-	-	13,522
Other comprehensive income	(57,072)	-	-	-	(57,072)
Additions through business combination	-	61	-	-	61
Transfers between reserves	303	1	(304)	-	-
Total comprehensive income for the year	(43,252)	67	(304)	-	(43,489)
Balance at 31st July 2023	74,283	156	17,188	924	92,551

Neither the group nor the college had any non-controlling interests

CHICHESTER COLLEGE GROUP

Balance sheets as at 31st July 2023

	Notes	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Fixed assets					
Tangible fixed assets	12	160,012	159,972	109,883	109,847
Intangible fixed assets	13	112	90	189	189
Investments	14	27	648	-	621
Pensions asset	26	-	-	49,800	49,800
		160,151	160,710	159,872	160,457
Current assets					
Stocks		354	354	312	312
Trade and other receivables	15	10,260	10,146	4,963	4,729
Investments	16	1	1	1	1
Cash at bank and in hand		7,292	6,331	13,001	12,581
		17,907	16,832	18,277	17,623
Current Liabilities:					
Creditors - amounts falling due within one year	17	(24,034)	(23,999)	(15,762)	(15,959)
Net current (liabilities)/assets		(6,127)	(7,167)	2,515	1,664
Total assets less current liabilities		154,024	153,543	162,387	162,121
Creditors - amounts falling due after more than one year	18	(60,058)	(60,058)	(25,941)	(25,941)
Provisions					
Other provisions	20	(934)	(934)	(140)	(140)
Total net assets		93,032	92,551	136,306	136,040
Restricted reserves					
Income and expenditure reserve - restricted reserve	21	156	156	89	89
Unrestricted reserves					
Income and expenditure reserve		74,764	74,283	117,801	117,535
Revaluation reserve		17,188	17,188	17,492	17,492
Investment Property Revaluation Reserve		924	924	924	924
Total reserves		93,032	92,551	136,306	136,040

The financial statements on pages 39 to 72 were approved and authorised for issue by the Corporation on 13th December 2023 and were signed on its behalf on that date by:

Helen Kilpatrick

Helen Kilpatrick (Dec 15, 2023 10:07 GMT)

Helen Kilpratrick CB
Chairman

Andrew Green (Dec 15, 2023 09:56 GMT)

Andrew Green
Accounting Officer

CHICHESTER COLLEGE GROUP

Consolidated Statement of Cash Flows for the year ended 31st July 2023

	Notes	2023 £'000	2022 £'000
Cash inflow from operating activities			
Surplus/(Deficit) for the year		13,737	(5,263)
Adjustment for non cash items			
Depreciation		7,864	5,080
Release of Deferred Capital Grants		(2,447)	(1,383)
(Gain)/Loss on investment properties		-	(91)
(Gain)/Loss on investments		(5)	-
Increase in stocks		(42)	(19)
Increase in debtors		(5,297)	(1,340)
Increase in creditors due within one year		5,832	1,666
Increase/(Decrease) in creditors due after one year		2,131	-
Increase in provisions		794	140
Pensions costs less contributions payable		1,176	5,707
Movement in restrictive reserve		(67)	-
Defined benefit assets in merger gift		(4,892)	-
Fixed assets in merger gift		(47,312)	-
Taxation Payable		77	-
Adjustment for investing or financing activities			
Investment income		(3,582)	(107)
Interest payable		1,233	378
Taxation paid		(53)	(40)
(Profit)/Loss on sale of fixed assets		9	5
Net cash flow from operating activities		(30,844)	4,733
Investing activities			
Proceeds from sale of fixed assets		11	318
Investment income		131	-
New investments in merger gift		(22)	-
Payments made to acquire fixed assets		(10,702)	(4,387)
Capital Grants Received in merger gift		17,148	-
Capital Grants Received		8,440	1,839
		15,006	(2,230)
Financing activities			
Interest paid		(1,027)	(364)
Interest element of finance lease rental payments		(30)	-
New finance leases		412	-
New finance leases in merger gift		1,139	-
New loans in merger gift		21,232	
Repayments of amounts borrowed on merger		(7,462)	-
Repayments of amounts borrowed ongoing		(1,616)	(1,013)
Repayments of amounts borrowed rolling credit facility		(2,000)	-
Capital element of finance lease rental payments		(519)	-
		10,129	(1,377)
(Decrease)/Increase in cash and cash equivalents in the year		(5,709)	1,126
Cash and cash equivalents at beginning of the year	22	13,001	11,875
Cash and cash equivalents at end of the year	22	7,292	13,001

1 Funding body grants

	2023		2022	
	Group £'000	College £'000	Group £'000	College £'000
Recurrent grants				
Education and Skills Funding Agency -Adult	8,485	8,485	3,888	3,888
Education and Skills Funding Agency -16-18	55,925	55,925	35,725	35,725
Education and Skills Funding Agency -Apprenticeships	7,892	7,892	6,915	6,915
Office for Students	471	471	311	311
Specific Grants				
Education and Skills Funding Agency:				
Recommissioning Grant	-	-	5	5
Merger Grant	10,732	10,732	731	731
COVID 19 Testing	-	-	41	41
16-19 Tuition Fund	932	932	339	339
Strategic Development Funds	368	368	150	150
T Levels - Specialist Equipment Allocation	149	149	35	35
Maths Excellence	157	157	-	-
Other non recurrent grants	245	245	140	140
Non recurrent grants - Office for Students	160	160	95	95
Teacher Pension Scheme contribution grant	2,084	2,084	1,166	1,166
Releases of deferred capital grants	2,447	2,447	1,383	1,383
Total	90,047	90,047	50,924	50,924

1a Income in relation to Level 4 courses and above

	2023		2022	
	Group £'000	College £'000	Group £'000	College £'000
Grant income from Office for Students	471	471	311	311
Grant income from other bodies	2,445	2,445	2,139	2,139
Fee income for taught awards (exclusive of VAT)	4,894	4,894	1,334	1,334
Fee income for non qualifying course	521	521	341	341
	8,331	8,331	4,125	4,125

These amounts are included within the amounts disclosed in notes 1 and 2

2 Tuition fees and education contracts

	2023		2022	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	2,839	2,887	951	964
Apprenticeship fees and contracts	60	60	153	153
Fees for FE loan supported courses	694	694	885	885
Fees for HE loan supported courses	4,862	4,862	1,171	1,171
International students fees	2,150	2,156	1,634	1,641
Total tuition fees	10,605	10,659	4,794	4,814
Education contracts	4,508	4,508	3,402	3,402
Total	15,113	15,167	8,196	8,216

3 Other grants and contracts

	2023		2022	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Erasmus	330	330	202	202
Coronavirus Job Retention Scheme grant	-	-	2	2
Other grant income	89	89	19	19
Total	419	419	223	223

No roles were furloughed by the Group (2022: 4 roles) within it's commercial areas (Nursery, Sports Centre, International, Sales & Marketing) under the government's Coronavirus Job Retention Scheme. The funding received of £nil (2022: £2,000) related to staff costs which are included within staff costs (note 7) as appropriate.

4 Other income

	2023		2022	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	4,849	5,321	3,632	4,031
Profit/(loss) on disposal of tangible fixed assets	-	-	4	4
Other income generating activities[1]	4,470	1,274	4,020	954
Other and miscellaneous income	1,673	1,740	1,726	1,744
Total	10,992	8,335	9,382	6,733

[1] See note 19 regardng the trading subsidiaries of the group.

5 Investment income

	2023		2022	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	131	123	-	-
Pension finance income (note 26)	3,451	3,451	107	107
Total	3,582	3,574	107	107

6 Donations and Endowments

	2023		2022	
	Group £'000	College £'000	Group £'000	College £'000
Distributions from subsidiaries	-	250	-	-
Total	-	250	-	-

The Group's subsidiary companies distribute their profits to the Group as gift aid.

7 Staff costs - Group and College

The average number of persons (including key management personnel) employed by the Group during the year, expressed as average headcount and calculated on a monthly basis, was:

	2023 No.	2022 No.
Teaching staff	960	644
Non teaching staff	1,507	885
	2,467	1,529

Staff costs for the above persons

	2023		2022	
	Group £'000	College £'000	Group £'000	College £'000
Wages and salaries	55,931	54,240	33,978	32,421
Social security costs	4,989	4,873	3,010	2,904
Other pension costs	12,430	12,260	12,110	11,860
Payroll sub total	73,350	71,373	49,098	47,185
Contracted out staffing services	1,836	1,792	730	673
	75,186	73,165	49,828	47,858
Fundamental restructuring costs - contractual	597	594	55	55
	75,783	73,759	49,883	47,913

All severance costs were approved by the Corporation.

Serverance Payments

The Group paid 6 severance payments in the year, within the following bands:

	2023 No.	2022 No.
£0 to £25,000	6	-

Included in staff restructuring costs are special severance payments totalling £32,004 (2022: £nil). Individually, the payments were: £1,500, £2,500, £4,750, £4,510, £8,000 and £10,744.

7 Staff costs - Group and College (continued)

Key management personnel compensation

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 Group Leadership Team which comprises the Chief Exceutive Officer, Executive Principal & Deputy Chief Executive, Chief Financial Officer, Chief Commercial Officer, Chief Operating Officer, Principal of Brinsbury & Crawley Colleges & Deputy Executive Principal, Principal of Brighton Met & Haywards Heath Colleges, Principal of Chichester College, Principal of Northbrook & Worthing Colleges. Staff costs include compensation paid to key management personnel for loss of office.

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

The number of key management personnel including the Accounting Officer was:

	2023	2022
	No.	No.
	9	8

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

	Key management personnel		Other Staff	
	2023	2022	2023	2022
	No.	No.	No.	No.
£25,001 to £30,000	-	1	-	-
£60,000 to £65,000	-	-	6	3
£65,001 to £70,000	-	-	6	4
£70,001 to £75,000	-	-	6	2
£75,001 to £80,000	-	-	1	1
£80,001 to £85,000	-	1	2	-
£85,001 to £90,000	-	-	1	-
£90,001 to £95,000	1	-	-	-
£95,001 to £100,000	-	1	-	-
£100,001 to £105,000	3	1	-	-
£105,001 to £110,000	-	2	-	-
£110,001 to £115,000	1	-	-	-
£115,001 to £120,000	-	-	-	-
£120,001 to £125,000	2	1	-	-
£130,001 to £135,000	1	-	-	-
£155,001 to £160,000	-	1	-	-
£170,001 to £175,000	1	-		
	9	8	22	10

Including part time workers grossed up to full time equivalent and staff on maternity, paternity or sickness leave at their usual rate of pay, 1 other staff was paid in the £60,001 to £65,000 banding (2022: 3) and 2 other staff were paid in the £65,001 to £70,000 banding (2022: 0) in 2023.

7 Staff costs - Group and College (continued)

Key management personnel emoluments are made up as follows:

	2023 £'000	2022 £'000
Basic Salary	1,059	735
Performance related pay and bonus	(7)	62
Benefits in kind	9	4
	1,061	801
Pension contributions	239	163
Total emoluments	1,300	964

There was no performance related pay in the year (2022: £62,000). The negative figure represents an over-accrual from 2022.

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place. The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	2023 £'000	2022 £'000
Basic Salary	168	149
Performance related pay and bonus	-	15
Other including benefits in kind	3	2
	171	166
Pension contributions	40	34
	211	200

The governing body has adopted AoC's Senior Staff Remuneration Code and assesses pay in line with the principles of the Code. The remuneration package of key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee. The Accounting Officer's salary is set at a spot point. The salary was determined in July 2022 following a review by the Remuneration Committee. A number of factors were considered in determining the Accounting Officer's salary, including the removal of the performance related pay scheme, the Accounting Officer's experience in the role, the size and diversity of the College Group and sector data on the pay of Accounting Officers. The Accounting Officer was not involved the review or determination of his salary.

The Executive Team's performance related pay scheme ended in July 2022. The Accounting Officer's final PRP payment related to his performance in the academic year 2021/22 and was paid in December 2022.

The relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	2023 No	2022 No
Basic salary as a multiple of median basic salary of staff	8.0	7.1
Total remuneration as a multiple of median total remuneration of staff	7.8	7.6

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

8 Other operating expenses

	2023		2022	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	4,425	4,498	2,846	2,878
Non teaching costs	16,496	16,475	10,294	10,151
Premises costs	8,456	8,375	5,705	5,627
Total	29,377	29,348	18,845	18,656

Other operating expenses include:	2023	2022
	£'000	£'000
Auditors' remuneration:		
Financial statements audit		
External: financial statements and grant audit*	94	84
External: taxation compliance services**	2	2
External: courses***	-	2
Internal audit****	62	46
Payments to sub-contractors	20	41
Losses on disposal of tangible fixed assets (where not material)	9	9
Depreciation & Amortisation	7,864	5,080
Hire of assets under operating leases	583	339

* includes £90,000 in respect of the College (2021/22 £80,000)
** includes £nil in respect of the College (2021/22 £nil)
*** includes £nil in respect of the College (2021/22 £2,000)
**** includes £62,000 in respect of the College (2021/22 £46,000)

8a Access and participation spending

	2023		2022	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Access investment	163	163	133	133
Financial Support to students	59	59	20	20
Disability support	26	26	34	34
Total	248	248	187	187

9 Write offs, losses, guarantees, letters of comfort, compensation payments

	2023
	£'000
Value of debts written off or other losses incurred	49
Value of compensation payments & ex-gratia payments	4

There were three debts written off with a value of more than £5,000. £6,844 related to a company that went into liquidation. £6,218 and £6,293 related to student debts inherited from the merger that were no longer viable to chase.

10 Interest payable - Group and College

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
On bank loans, overdrafts and other	1,185	1,185	378	377
On finance leases	30	30	-	-
On Enhanced pension	18	18	-	-
Total	1,233	1,233	378	377

11 Taxation - Group only

	2023 £'000	2022 £'000
Net United Kingdom corporation tax at 19 per cent	62	-
Net United Kingdom corporation tax at 25 per cent	15	
Total	77	-

The tax charge above relates to the Group's trading subsidiary companies. Where possible, taxable profits of the subsidiary companies are paid to the College under gift aid.

12 Tangible fixed assets (Group)

	Land and buildings Freehold £'000	Land and buildings Investment property £'000	Land and buildings Long leasehold £'000	Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Cost or valuation						
At 1st August 2022	138,878	1,230	350	12,516	3,051	156,025
Additions	819	-	-	2,536	7,225	10,580
Additions through business combination	33,496	-	11,573	2,243	-	47,312
Transfers	596	-	-	2,212	(2,808)	-
Disposals	(4)	-	(207)	(40)	-	(251)
At 31st July 2023	173,785	1,230	11,716	19,467	7,468	213,666
Depreciation						
At 1st August 2022	36,396	-	322	9,424	-	46,142
Charge for the year	4,787	-	591	2,365	-	7,743
Elimination in respect of disposals	(3)	-	(189)	(39)	-	(231)
At 31st July 2023	41,180	-	724	11,750	-	53,654
Net book value at 31st July 2023	132,605	1,230	10,992	7,717	7,468	160,012
Net book value at 31st July 2022	102,482	1,230	28	3,092	3,051	109,883

12 Tangible fixed assets (College only)

	Land and buildings Freehold	Investment property	Long leasehold	Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1st August 2022	138,865	1,230	144	12,431	3,051	155,721
Additions	800	-	-	2,534	7,206	10,540
Additions through business combination	33,496	-	11,573	2,243	-	47,312
Transfers	596	-	-	2,212	(2,808)	-
Disposals	-	-	-	(34)	-	(34)
At 31st July 2023	173,757	1,230	11,717	19,386	7,449	213,539
Depreciation						
At 1st August 2022	36,386	-	144	9,344	-	45,874
Charge for the year	4,786	-	580	2,361	-	7,727
Elimination in respect of disposals	-	-	-	(34)	-	(34)
At 31st July 2023	41,172	-	724	11,671	-	53,567
Net book value at 31st July 2023	132,585	1,230	10,993	7,715	7,449	159,972
Net book value at 31st July 2022	102,479	1,230	-	3,087	3,051	109,847

Land and Buildings for Chichester and Brinsbury campuses were revalued in 2000 at depreciated replacement cost. Land was valued in 2014 at depreciated replacement cost by Medhursts a firm of independent chartered surveyors. These values were retained as deemed cost on transition to FRS102. Investment properties were valued at fair value as at 31st July 2023 by Medhursts. Fair value being the price that would be received when selling an asset in an orderly transaction between market participants at the measurement date and using assumptions of the market conditions and risk at that date. The carrying value of the investment properties at 31st July 2023, based upon the deemed cost upon transition to FRS102, was £831,000 (2022: £850,000). Fixed assets with a net book value of £32,800,772 (2022: £17,422,652) have been part funded from local education authority sources, £17,009,716 (2022: £17,307,930) and exchequer funds £15,791,056 (2022: £114,722), through for example the receipt of capital grants. Should these assets be sold, the College would have to use the sale proceeds in accordance with the College guidance on managing public money issued by the ESFA.
The net book value of equipment includes an amount of £983,814 (2022: £nil) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £441,694 (2022: £nil).

13 Intangible fixed assets

	Group		College	
	Software £'000	Total £'000	Software £'000	Total £'000
Cost or valuation				
At 1st August 2022	697	697	640	640
Additions	44	44	22	22
Additions through business combination		-		-
At 31st July 2023	741	741	662	662
Amortisation				
At 1st August 2022	508	508	451	451
Amortisation for the year	121	121	121	121
At 31st July 2023	629	629	572	572
Net book value at 31st July 2023	112	112	90	90
Net book value at 31st July 2022	189	189	189	189

14 Non current Investments

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Investments in subsidiary companies	-	621	-	621
Investments in associate companies	-	-	-	-
HSBC ordinary shares at market value	27	27	-	-
Total	27	648	-	621

Investments in subsidiary companies are as follows:

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
First Steps Childcare Group Limited	-	501	-	501
Anglia Examination Syndicate Limited	-	120	-	120
Chichester College Group Commercial Limited	-	-	-	-
	-	621	-	621

The college owns 100% of the issued ordinary shares & 100% of the allotted preference shares of its subsidiaries, all of which are incorporated in England and Wales. The investments are shown at cost.

First Steps Childcare Group Limited was incorporated on 3rd Febuary 1993 and commenced trading on 1st April 1993. The principal business activities are the provision of nursery services. On 24th February 2021, Chichester College Group acquired 500,000 of £1 preference shares at par, which represented 100% of the issued preference shares. The results for the year ended 31st July 2023 have been included in the consolidated financial statements.
The College acquired its interest in Anglia Examination Syndicate Limited on 25 November 1993. The principal activity is the establishment and administration of an education syllabus in a number of countries. On 24th February 2021, Chichester College Group acquired 50,000 of £1 preference shares at par, which represented 100% of the issued preference shares. The results for the year ended 31st July 2023 have been included in the consolidated financial statements.
Chichester College Group Commercial Limited was incorporated on 11th March 2018 and is a dormant company.

15 Trade and other receivables

Amounts falling due within one year:	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Trade debtors	1,735	1,482	1,854	1,474
Amounts owed by subsidiary undertakings	-	628	-	431
Other debtors	156	140	430	430
Prepayments and accrued income	3,347	2,874	1,771	1,486
Amounts owed by the ESFA	5,022	5,022	908	908
Total	10,260	10,146	4,963	4,729

16 Current investments

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Investment in shares	1	1	1	1
Total	1	1	1	1

17 Creditors: amounts falling due within one year

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Bank loans and overdrafts	1,206	1,206	827	827
Obligations under finance leases	415	415	-	-
Funding Body Loans	200	200	200	200
Other Loans	263	263	-	-
Trade creditors	5,844	5,814	3,223	3,109
Amounts owed to Subsidiary undertakings	-	485	-	718
Corporation tax	39	-	-	-
Other taxation and social security	2,437	2,411	1,533	1,507
Payments received in advance & deferred income	1,841	1,684	2,042	1,842
Accruals	2,861	2,728	1,223	1,174
Other Creditors	1,197	1,062	660	528
Deferred income - government capital grants	2,583	2,583	1,299	1,299
Amounts owed to the ESFA	5,148	5,148	4,755	4,755
Total	24,034	23,999	15,762	15,959

18 Creditors: amounts falling due after one year

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Bank loans	10,714	10,714	5,084	5,084
Obligations under finance leases	617	617	-	-
Funding body loans	2,005	2,005	2,202	2,202
Other loans	4,079	4,079	-	-
Funding body grants	2,131	2,131	-	-
Deferred income - government capital grants	40,512	40,512	18,655	18,655
Total	60,058	60,058	25,941	25,941

19 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2023		2022	
	Group £'000	College £'000	Group £'000	College £'000
In one year or less	1,206	1,206	827	827
Between one and two years	9,439	9,439	689	689
Between two and five years	900	900	3,720	3,720
In five years or more	375	375	675	675
Total	11,920	11,920	5,911	5,911

A bank loan at a fixed rate of 6.645% was renegotiated on 1/8/22 (2023: £1,875,000, 2022: £2,175,000). This loan is secured on the property Westgate Halls at the Chichester Campus. The loan is payable by quarterly instalments up to 31st August 2029.

As part of the merger with Greater Brighton Metropolitan College (GBMet) on 1/8/22, an existing loan of £3,296,000 was aggregated with loans taken on from GBMet and is repayable within two years from merger date. The new loan is at a floating rate of the Bank of England rate plus 2.75% and secured against Pelham Street campus and Crawley campus.

A bank loan originally in relation to the merger with Central Sussex College at a fixed rate of 8.25% was renegotiated on 1/8/22 (2023: £151,000, 2022: £441,000). The bank loan is repayable by quarterly instalments up to November 2023. The loan is secured against Pelham Street campus and Crawley campus.

(b) Finance leases

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

	2023		2022	
	Group £'000	College £'000	Group £'000	College £'000
In one year or less	415	415	-	-
Between two and five years	617	617	-	-
In five years or more	-	-	-	-
Total	1,032	1,032	-	-

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

19 (continued)

(c) Loans

Funding body loans are repayable as follows:

	2023		2022	
	Group £'000	College £'000	Group £'000	College £'000
In one year or less	200	200	200	200
Between one and two	200	200	200	200
Between two and five	600	600	600	600
In five years or more	1,205	1,205	1,402	1,402
Total	2,205	2,205	2,402	2,402

A loan at a fixed rate of 1.23% was renegotiated on 1/8/17. This rate increased to 3.23% in April 2020
The loan is secured on the Chichester Campus (excluding the property Westgate Halls) and is repayable by annual instalments starting on September 2019 up to July 2029.

(d) Other Loans

Other loans are repayable as follows:

	2023		2022	
	Group £'000	College £'000	Group £'000	College £'000
In one year or less	263	263	-	-
Between one and two	263	263	-	-
Between two and five	790	790	-	-
In five years or more	3,026	3,026	-	-
Total	4,342	4,342	-	-

A loan with Worthing Borough Council was novated on merger with GBMet. The loan is at a fixed rate of 4.6% and repaid by biannual instalments until December 2039. The loan is secured on the Durrington campus.

20 Provisions

	Group and College			
	Enhanced Pensions £'000	Other £'000	Defined benefit Obligations £'000	Total £'000
At 1st August 2022	-	140	(49,800)	(49,660)
Additions through business combination	539	180	(4,892)	(4,173)
Expenditure in the year	(48)	-	1,176	1,128
Additions in the year: Pension finance cost/(income)	18	-	(3,451)	(3,433)
Actuarial (gain)/loss	105	-	56,967	57,072
Other	-	-	-	-
At 31st July 2023	614	320	-	934

20 Provisions (continued)

The enhanced pension provision relates to the cost of staff who have already left the College's employment and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. The provision has been calculated in accordance with guidance issued by the funding bodies. Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 26.
A provision of £320,000 is in relation to additional pay costs arising from Harpur Trust v Brazel case.

21 Endowment Reserves

	2023		2022
	Expendable & permanent endowments	Total	
	£'000	£'000	£'000
Balance at 1st August 2022			
Capital	-	-	-
Accumulated income	-	-	-
	-	-	-
Additions through business combination	61	61	-
Dividends received	1	1	
Increase in market value of investments	5	5	-
Total endowment comprehensive income for the year	67	67	-
Balance at 31st July 2023	67	67	-
Analysis by type of purpose:			
Scholarships and bursaries	67	67	-
Analysis by asset			
Current & non-current asset investments		27	-
Cash & cash equivalents		40	-
		67	-
Balance at 31st July 2023			
Chettle Fund		64	-
Anthony Amies		1	-
Evelyn Spencer		2	-
		67	-

22 Cash and cash equivalents

	At 1/8/22	Other changes	New finance leases	Cash flows	At 31/7/23
	£'000	£'000		£'000	£'000
Cash and cash equivalents	13,001	-	-	(5,709)	7,292
	13,001	-	-	(5,709)	7,292
Bank loans	(5,911)	-	-	(6,009)	(11,920)
Finance leases	-	-	412	(1,444)	(1,032)
Funding body loans	(2,402)	-	-	197	(2,205)
Other Loans	-	-	-	(4,342)	(4,342)
Current asset investments	1	-	-	-	1
Net debt	4,689	-	412	(17,307)	(12,206)

23 Capital commitments

	2023		2022	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Commitments contracted for at 31st July	2,943	2,943	2,313	2,313

24 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	127	77
Later than one year and not later than five	318	47
later than five years	7,808	-
	8,253	124
Other		
Not later than one year	477	372
Later than one year and not later than five	464	319
later than five years	-	-
	941	691
Total lease payments	9,194	815

Included in the obligation for land and buildings are amounts payable under the terms of the lease for land at Shoreham airport of £78,000 per annum. The lease is for 125 years and is due to expire in 2128.

25 Events after the reporting period

On 26th September 2023 it was announced that the Group will be closing the Broadwater campus and moving the provision, including associated staff and equipment, to West Durrington, Shoreham and Worthing College campuses. It is expected to take two years for the move to complete with the intention to sell the Broadwater site and re-invest the proceeds into Worthing based college sites, providing better facilities for young people, apprentices and adults in the local area.

Under the options being put forward for the sale of the campus it is not expected that there will be a need to impair the value of the land and buildings and where possible the equipment will be moved to other campuses. As such no impairment or enhanced depreciation is expected over the remaining period of use.

26 Retirement benefits

The College's employees belong to three principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the West Sussex Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hymans Robertson and NEST pension scheme for nursery staff. TPS and LGPS are multi-employer defined-benefit plans. NEST is a defined contribution plan. The defined benefit pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31st March 2019 and of the LGPS 31st March 2022.

Total pension cost for the year		2023 £'000		2022 £'000
Teachers Pension Scheme: contributions paid		5,964		3,709
NEST: contributions paid		63		66
Local Government Pension Scheme:				
Contributions paid	5,227		2,628	
FRS 102 (28) charge	1,176		5,707	
Charge to the Statement of Comprehensive Income		6,403		8,335
Enhanced pension charge to Statement of Comprehensive Income		-		-
Total Pension Cost for Year - Per note 7		12,430		12,110

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 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.

26 Retirement benefits (continued)
Valuation of the Teachers' Pension Scheme (continued)

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 Group is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the Group 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 Group has set out above the information available on the plan and the implications for the Group 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 2019. 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 £5,964,000 (2022: £3,709,000)

Local Government Pension Scheme
The LGPS is a funded defined-benefit plan, with the assets held in separate funds adminstered by West Sussex County Council Local Authority . The total contribution made for the year ended 31 July 2023 was £6,748,000, of which employer's contributions totalled £1,521,000 and employees' contributions totalled £5,227,000. The agreed contribution rates for current & future years are 2022/23 21.7%, 2023/24 20.7%, 2024/25 & 2025/26 20.4% for employers and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

Principal Actuarial Assumptions
The following information is based upon a full actuarial valuation of the fund at 31st March 2022 updated to 31st July 2023 by Hymans Robertson.

	2023	2022
Rate of increase in salaries	4.50%	3.20%
Future pensions increases	3.00%	2.70%
Discount rate	5.05%	3.50%
Inflation assumption (CPI)	3.00%	2.70%
Commutation of pensions to lump sums	50%	50%

26 Retirement benefits (continued)

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

	2023	2022
	years	years
Retiring today		
Males	21.3	21.9
Females	24.2	24.2
Retiring in 20 years		
Males	21.8	22.8
Females	25.3	25.9

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

	Fair Value at 31st July 2023	Fair Value at 31st July 2022
	£'000	£'000
Equities	149,315	98,374
Bonds	87,335	74,850
Property	39,442	34,217
Cash	5,635	6,416
Total market value of assets	281,727	213,857
Actual return on plan assets	(4,216)	6,026

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

	2023	2022
	£'000	£'000
Fair value of plan assets	281,727	213,857
Present value of plan liabilities	(181,910)	(132,498)
Present value of unfunded liabilities	(1,197)	(427)
Minimum fund requirement (2022: Gilt cessation) basis impairment charge	(98,620)	(31,132)
Net pensions (liability)/asset	-	49,800

26 Retirement benefits (continued)

Local Government Pension Scheme (Continued)

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	6,230	8,309
Past service cost	24	8
Total	6,254	8,317
Amounts included in investment income		
Net interest income/(expenditure)	3,451	107
	3,451	107

Amounts recognised in Other Comprehensive Income

	2023	2022
	£'000	£'000
Return on pension plan assets	(14,432)	2,706
Experience losses arising on defined benefit obligations	(59,709)	(486)
Changes in assumptions underlying demographics	13,728	791
Changes in assumptions underlying the present value of plan liabilities	53,934	74,014
Minimum fund requirement (2022: Gilt cessation) basis impairment charge	(50,488)	(31,132)
Amount recognised in Other Comprehensive Income	(56,967)	45,893

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

	2023	2022
	£'000	£'000
Gain in scheme at 1st August	49,800	9,507
Movement in year:		
Greater Brighton Metropolitan College defined benefit asset at 1st August	4,892	-
Current service cost	(6,230)	(8,309)
Employer contributions	4,974	2,575
Past service cost	(24)	(8)
Contributions in respect of unfunded benefits	104	35
Net interest on the defined (liability)/asset	3,451	107
Actuarial gain or loss	(56,967)	45,893
Net defined benefit asset/(liability) at 31st July	-	49,800

26 Retirement benefits (continued)

Local Government Pension Scheme (Continued)

Asset and Liability Reconciliation

	2023	2022
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	132,925	197,939
Greater Brighton Metropolitan College defined obligations at 1st August	79,152	-
Greater Brighton Metropolitan College defined obligations at 1st August adjustment	(1,921)	-
Current Service cost	6,230	8,309
Past Service cost (including curtailments)	24	8
Interest cost	6,765	3,213
Contributions by Scheme participants	1,452	920
Experience gains and losses on defined benefit obligations	29,768	486
Changes in demographic assumptions	(13,728)	(791)
Changes in financial assumptions	(52,013)	(74,014)
Estimated benefits paid	(5,443)	(3,110)
Unfunded benefits	(104)	(35)
Defined benefit obligations at end of period	183,107	132,925

	2023	2022
Reconciliation of Assets		
Fair value of plan assets at start of period	213,857	207,446
Greater Brighton Metropolitan College fair value of plan assets at 1st August	101,044	-
Interest on plan assets	10,216	3,320
Contributions by Scheme participants	1,452	920
Employer contributions	4,974	2,575
Contributions in respect of unfunded benefits	104	35
Estimated benefits paid	(5,443)	(3,110)
Unfunded benefits paid	(104)	(35)
Experience gains and losses on defined benefit obligations	(29,941)	-
Return on plan assets	(14,432)	2,706
Assets at end of period	281,727	213,857

27 Related party transactions

The total expenses paid to or on behalf of the Governors during the year was £276; 2 governors (2022: £434; 4 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity. No Governor has received any remuneration or waived payments from the Group during the year (2022: none).

Gatwick Diamond Business - a company in which a Governor, Jeff Alexander, is Chief Executive. Transactions totalling £10,182 (2022: £8,856) relating to membership fees and alumni lunch were bought by the Group and transactions totalling £1,840 (2022: £1,413) relating to hospitality were sold by the Group. There were no amounts outstanding at the balance sheet date. All transactions were on an arm's length basis.

Smitten Ltd - a company in which the Group's Chief Executive, Andy Green, is a director. Transactions totalling £50 (2022: £40) relating to sponsorship of the Group's annual awards. There were no amounts outstanding at the balance sheet date. All transactions were on an arm's length basis.

FE Sussex Ltd - a company in which the Group's Chief Executive, Andy Green is a director. Transactions totalling £44,300 relating to project management fees were bought by the Group and transactions totalling £108,186 relating to the recharge of salaries and book-keeping were sold by the Group. All transactions were on an arm's length basis.

Anglia Examination Syndicate Ltd - a wholly owned subsidiary of the Group. During the year the Group paid staff salaries and associated costs.

	2023	2022
	£	£
Payroll costs including participation in a defined benefit plan	580,539	549,046
Settlement of liabilities on behalf of the entity or by the entity on behalf of another party	2,923	11,154
Amounts owed by subsidiary undertakings	627,749	430,974

First Steps Childcare Group Ltd - a wholly owned subsidiary of the Group. During the year the Group paid staff salaries and associated costs.

	2023	2022
	£	£
Payroll costs including participation in a defined benefit plan	57,196	86,066
Allocation of central costs	65,000	85,000
Settlement of liabilities on behalf of the entity or by the entity on behalf of another party	220,777	168,165
Amounts owed to Subsidiary undertakings	485,253	717,989

28 Amounts disbursed as agent

Learner support funds

	2023	2022
	£'000	£'000
Balance brought forward	134	213
Acquired through business combination	229	-
Funding body grants - discretionary learner support	1,256	871
Funding body grants - residential bursaries	26	27
Funding body grants - Free School Meals	170	108
	1,681	1,006
Disbursed to students	(1,456)	(1,034)
Administration costs	(68)	(51)
Balance unspent as at 31st July, included in creditors	291	134

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

29 Business combination with Greater Brighton Metropolitan College

Chichester College Group merged with Greater Brighton Metropolitan College (GBMet) on 1st August 2022. The merger was classed as a type B merger with the GBMet corporation being dissolved and all trade, assets and liabilities transferring to Chichester College Group on 1st August 2022 at £nil consideration. The transaction has been treated as a gift in substance in line with FRS 102, PBE 34.77 to PBE 34.79.

a) Fair value of assets and liabilities and gift

The assets and liabilities that were brought into the Group at fair value, were as follows:

	£'000
Non Current Assets	
Tangible fixed assets	47,312
Investments	22
Pensions asset	4,892
	52,226
Current Assets	
Stock	56
Trade and other receivables	1,065
Cash in hand and in bank	957
	2,078
Less: Creditors - amounts falling due within one year	(24,139)
Net current liabilities	(22,061)
Total assets less current liabilities	30,165
Creditors - amounts falling due after more than one year	(21,472)
Provisions	
Enhanced pensions	(539)
Brazel v Harper Trust	(180)
Reserves:	
Restrictive Reserve	(61)
Total net assets/Gift	7,913

The gift of the fair value of the net assets is included in the Statement of Comprehensive Income.

b) Results attributable to Greater Brighton Metropolitan College

The results attributable to GBMet since the merger date on 1st August 2022, is as follows:

	£'000
Income	32,030
Deficit	3,492

These amounts have been calculated based upon directly attributable income and costs associated with the GBMet campuses plus an allocation of Group central costs.

c) Merger Grant

	2023	2022
The grant received in respect of the merger related to the following:	£'000	£'000
Merger related costs	1,611	731
2021/22 GBMet AEB clawback	1,848	-
Waiver of exceptional financial support previously provided to GBMet	5,362	-
Settlement of GBMet loans	2,100	-
	10,921	731