Report and Financial Statements

for the year ended 31st July 2024

CONTENTS

Reference and Administrative Details

Key management personnel

Key management personnel are defined as members of the Group Leadership Team and were represented by the following in 2023/24 and from 1st August 2024:

Andrew Green, Chief Executive & Accounting Officer

Sally Challis-Manning, Principal, Brinsbury and Crawley Colleges & Deputy Executive Principal (until 31st October 2024)

Steve Coulthard, Chief Financial Officer

Vicki Illingworth, Executive Principal & Deputy Chief Executive

Helen Loftus, Principal, Chichester College

Daniel 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

Dean Wynter, Acting Principal, Crawley College (from 1st September 2024)

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

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

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

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

Strategic Report

OBJECTIVES AND STRATEGY

The members present their annual and strategic report and the audited financial statements for the year ended 31st July 2024.

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

Chichester College 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;
- For our curriculum to make a strong contribution to meet 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 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. Following the ESFA's review of the College Group's Financial Forecasting Return and in light of the merger with GBMet in August 2022, the ESFA have concluded that the Group's financial health grade for 2022/23 was requires improvement. The Group can evidence from previous mergers that an initial deterioration of financial health is expected in the three year period following a significant merger.

Financial objectives

The Group's financial objectives for 2023/24 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. Achievement of the 2025 budget EBITDA and 2026 plan EBITDA will ensure achievement of this objective. The 2024 budget EBITDA was revised downwards at the mid-year Forecast however the forecast was achieved.

- Our financial health is rated 'Good' or better in the ESFA standards for financial health by 2024 and in 2025. The financial health remains at Requires Improvement for 2024, planned to improve to Good 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). The Anglia Examinations subsidiary did not achieve a profit in 2024.

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

RESOURCES

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

Tangible

At 31st July 2024, tangible resources include 9 owned sites, and leased buildings at Terminus Road in Chichester, Shoreham Airport and Kingston Buci. The owned sites are:

Brighton Metropolitan College, Central campus, Pelham Street, Brighton BN1 4FA

Brighton Metropolitan College, East campus, Wilson Avenue, Brighton BN2 5PB

Brinsbury College, North Heath, Pulborough RH20 1DL

Chichester College, Westgate Fields, Chichester PO19 1SB

Crawley College, College Road, Crawley RH10 1NR

Haywards Heath College, Harlands Road, Haywards Heath RH16 1LT

Northbrook College, West Durrington campus, Littlehampton Road, Worthing BN12 6NU

Northbrook College, Broadwater campus, Broadwater Road, Worthing BN14 8HJ

Worthing College, 1 Sanditon Way, Worthing BN14 9FD

Financial

The Group has £89,249,000 (2023: £93,032,000) of net assets. This includes long term liabilities of £84,459,000 (2023: £60,058,000). Cash at bank and in hand amounted to £8,271,000 (2023: £7,292,000); see page 51 for further details of the movement in cash in 2023/24.

People

The Group employed an average of 2,393 (2023: 2,467) people (expressed as headcount not full-time equivalents), of whom 958 (2023: 960) were teaching staff.

Students

The Group enrolled approximately 24,994 students in 2023/24 (2022/23 - 24,351). The student population includes 10,774 (2022/23 - 10,054) 16-18 year old students (or 19 to 24 year old students with an EHC plan), 3,034 apprentices (2022/23 - 3,313), 591 higher education students (2022/23 – 754) and 10,156 classroom based funded adult learners (2022/23 – 7,506).

Reputation

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

Chichester College Group last full Ofsted inspection took place in March 2020, when 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.

The Group received an Ofsted Monitoring Visit in February 2024. The purpose of the visit was to review progress at Brighton Met and Northbrook College since the merger with Chichester College Group. The inspection team found that significant progress had been made in all areas. The report is available at 50244918 (ofsted.gov.uk).

STAKEHOLDERS

In line with other colleges and with universities, Chichester College Group has a range of stakeholders, generally defined by the following four categories, education, civic, community and employers. Chichester College Group's stakeholders include:

- Students
- Parents, guardians and/or carers
- Staff
- Communities served by the Colleges within Chichester College Group
- Community organisations
- Education sector funding bodies
- FE Commissioner
- Local, regional and national employers and businesses
- Local government and regulatory authorities
- Industry and Trade associations
- Local Enterprise Partnerships (LEPs)

- Schools and other educational 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 20.

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 and progression opportunities for students
- Strong student support systems
- Partnerships with employers, industry and commerce
- Strong links with the communities the Group serves

DEVELOPMENT AND PERFORMANCE

Financial Results

The Group achieved a surplus before other gains and losses in the year of £1,717,000 (2023: £13,809,000), with total negative comprehensive income of £3,783,000 (2023: £43,335,000). FRS102 pension adjustments in the year impacted investment income by £4,997,000 (2023: £3,451,000), staff costs by £(670,000) (2023: £1,176,000) and actuarial loss in respect of pension schemes by £5,524,000 (2023: £57,072,000). The 2022/23 results 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:

	2023/24	**2022/23**
	£'000	£'000
Deficit before other gains and losses prior to pension and merger adjustments	(3,971)	(5,719)
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)	670	(1,176)
Included within staff costs – enhanced pensions (note 20)	52	48
Included within investment income (note 5)	4,997	3,451

	2023/24	2022/23
	£'000	£'000
Included within interest payable (note 10)	(31)	(18)
Surplus before other gains and losses per statutory accounts	1,717	13,809

Income reduced for the group in the year by £8,511,000, arising mainly from grants and gifts arising from the merger with GBMet in 2022/23:

	£'000
Funding body grants reduction (note 1)	1,422
Tuition fees and education contracts reduction (note 2)	1,407
Other grants and contracts reduction (note 3)	53
Other income increase (note 4)	(489)
Investment income increase (note 5)	(1,669)
Gain from gift on consolidation reduction (note 29)	7,913
	8,511

The funding body grants reduction of £1,422,000 includes a reduction of £10,123,000 in the merger grant in relation to the merger with GBMet in 2022/23. Excluding this one-off element, funding body grants increased by £8,701,000.

The reduction in tuition fees and educational contracts, relates mainly to a drop in adult education fees (£1,002,000) and fees for HE loan supported courses (£812,000), the latter is in line with the reduction in HE students.

Other income increased this year by £489,000, with catering and residences increasing by £273,000 and increases in, amongst other things, excursion fees with trips getting back to pre-pandemic levels. The Group's subsidiaries showed a reduction in turnover, compared to the previous year (see Group Companies on page 9).

The £1,669,000 increase in investment income came mainly from the pension adjustments (£1,546,000) but the Group also benefitted from higher interest rates on the Group's cash balances.

The Group's payroll staff costs (including restructuring and contracted out staff costs) increased by £897,000 to £76,680,000 (see note 7). The staff costs includes the FRS102 pension adjustments of £(670,000) – see note 26, and restructuring costs of £407,000. There was a £200,000 increase in the provision as a consequence of the Harpur Trust v Brazel case this year. The total provision stands at £540,000 (see note 20).

Other operating expenditure increased by £2,164,000 to £31,541,000, with increases in teaching costs (£1,122,000) and premises costs (£1,356,000). Other operating expenditure continues to be tightly controlled with the pressure on funding income and inflationary pressures.

Depreciation and amortisation increased by £307, 000. Note 25 (events after the reporting period) states that Broadwater campus is likely to be sold in 2024/25. The Group does not believe that an impairment or enhanced depreciation is expected as a result of this decision.

The 2024 actuary valuation of the LGPS scheme gave an asset of £111,925,000 (2023: £98,620,000). An impairment (minimum fund requirement) of £98,620,000 was applied last year and a further £13,305,000 impairment has been applied in 2023/24 giving a £nil asset value. The impairment has been applied against the actuarial gain of £7,638,000, giving an actuarial loss in respect of pensions of £5,667,000 (2023: £56,967,000). More detail is provided in note 26 and the statement of accounting policies and estimation techniques on page

40. The enhanced pension provision (see note 20) had an actuarial gain of £143,000 (2023: loss £105,000) in the year, giving a total actuarial loss in respect of pensions of £5,524,000 (2023: £57,072,000). The amended actuarial loss contributed to a negative total comprehensive income for the year of £3,756,000 (2023 £43,335,000), which has been taken to reserves.

The Education earnings before interest, tax, depreciation and amortisation came to £2,303,000 (2023: £897,000) as follows:

		2023/24	2022/23
		£'000	£'000
Surplus/(Deficit) before other gains and losses per statutory accounts		1,717	13,809
Plus:	Depreciation	8,171	7,864
	Interest payable (note 10)	1,320	1,233
	Loss on disposal of fixed asset (note 8)	-	9
	LGPS valuation in payroll costs (note 26)	(670)	1,176
Less:	Releases of deferred capital grants (note 1)	(3,026)	(2,447)
	Interest received (note 5)	(5,251)	(3,582)
	Profit on disposal of fixed assets (note 4)	(12)	-
	Merger Gift (note 29)	-	(7,913)
EBITDA		2,249	10,149
Movement in holiday pay accrual		54	58
Merger Grant (note 29 – excluding merger related costs)		-	(9,310)
Education EBITDA		2,303	897

Developments

Fixed asset additions during the year amounted to £29,563,000 (£29,171,000 tangible and £392,000 intangible). This was split between land and buildings acquired of £444,000, equipment purchased of £1,768,000, assets in the course of construction of £26,959,000 and software (treated as an intangible asset) of £392,000. Assets in the course of construction at 31st July 2024 amounted to £33,738,000, which included £17,229,000 on Pelham Tower, Central Brighton campus, £7,167,000 on the HE/STEM Centre, Chichester campus, £2,756,000 on the IOT Building, Crawley campus, £1,038,000 on the Music Block redevelopment, Chichester campus, £1,250,000 on the Cattle Sheds, Brinsbury campus and £1,322,000 on the LSIF project.

Reserves

The Group had total reserves of £89,249,000 (2023: £93,032,000) and a cash at bank and in hand balance of £8,271,000 (2023: £7,292,000). The increase in the number of grants, relating to fixed asset projects, that require claiming after payment has been made, has placed a greater emphasis on cash flow management. At the end of the year, debtors included £3,782,000, due from funding councils, which included a range of projects where expenditure has been incurred but not paid by the ESFA, totalling £2,888,000, alongside £894,000 for amounts due in relation to apprenticeships. 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. The unrestricted income and expenditure reserve came to £71,230,000 (2023: £74,764,000).

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 2023/24 the element provided by funding bodies increased to 74.2% (2023: 70.3%) of the Group's total 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 a reduction in turnover in the year from £926,000 in 2022/23 to £870,000, partly due to difficult trading conditions. FSCG turnover also reduced in the year from £2,339,000 in 2022/23 to £2,207,000, with the closure of one of the settings in Bersted in the previous year. FSCG showed a profit before taxation of £449,000 (2022/23 - £500,000) and AES profit before taxation dropped from £44,000 in 2022/23 to £5,000 in 2023/24 mainly due to a debt provision for sales in Argentina. The profits generated by the subsidiaries are normally transferred to the Group under gift aid, however the Members have decided to leave 25% of the profits in FSCG and 100% of any taxable profits in AES. In the current year, the subsidiaries generated the following results before taxation.

	2023/24	**2022/23**
	£	£
First Steps Childcare Group Ltd – profit before taxation	449,000	500,000
Anglia Examination Syndicate Ltd – profit before taxation	5,000	44,000

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

FUTURE PROSPECTS

Future developments

The Group concluded seven years of growth through merger activity at the end of 2023/24.

With the exception of the major funded capital programme currently underway across the Group, the focus for 2024/25 and the near future is consolidation and delivering the Group financial targets.

The merger with GBMC in August 2022 combined with ONS reclassification had a destabilising impact on the group cashflow. The key financial targets for 2024/25 and 2025/26 are to achieve the budget and plan EBITDA in each of these years to further consolidate the successful achievement of the Group EBITDA forecast in 2023/24.

As further detailed in note 25, the Group is in discussion to sell the Broadwater campus and move the curriculum activities to the other Worthing campuses. The proceeds of the sale will be invested in the facilities at the other Worthing campuses.

Financial Plan

The Corporation approved a three-year financial plan in July 2024 which sets objectives to the period ending July 2026.

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.

Following the reclassification of FE Colleges into the public sector, any proposals for new short- or long-term borrowing require Department for Education consent in addition to Corporation approval.

Cash flows and liquidity

The closing cash balance for the year was £8,271,000, an increase of £979,000 on the previous year. Net current liabilities increased from £6,127,000 to £6,914,000. 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 cash flows. At the year-end amounts owed by the ESFA for grants paid in arrears of payment came to £2,888,000. The Group did achieve its financial covenants on the loans for 2023/24.

There was a net outflow of cash from investing activities of £1,321,000 (2023: £2,120,000 ignoring merger items). Payments made to acquire new fixed assets in the year was £29,207,000 (2023: £10,702,000) although this was offset by capital grants received of £27,619,000 (2023: £8,440,000) giving fixed assets financed by the group of £1,588,000 (2023: £2,262,000).

The group's bank and other borrowings at the end of the financial year amount to £20,935,000 (2023: £19,499,000), further details are given in note 19. This includes £14,144,000 (2023: £2,205,000) from the DfE, which have been classed as concessionary loans under FRS102. Financing of these loans and other borrowings, amounted to £1,477,000 in interest (2023: £1,057,000) and £11,386,000 in repayments (2023: £2,135,000 plus £2,000,000 repaid in respect of a rolling credit facility taken on from the merger). The repayments in the year included the £9,139,0000 balloon repayment of the Barclays loan, which was financed from an additional loan from the DfE. Financing activities amounted to an outflow of £41,000 (2023: outflow of £4,780,000, ignoring merger items).

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 £161,000 (2023: £156,000) held as restricted reserves. As at the balance sheet date the Income and Expenditure reserve stands at £71,230,000 (2023: £74,764,000). The decrease in the 2024 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.

The Group is currently considering a selection of risk management software options to manage risk across the organisation for possible live implementation by 2025/26.

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.

1) Government funding

The Group has considerable reliance on continued government funding through the further education sector funding bodies and through OfS. In 2023/24, 74.2% (2022/23 – 70.3%) 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.

2) 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

3) 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.

4) 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 however most of these areas have recovered more quickly than expected. The Group remains committed to growing its commercial businesses, whilst recognising constraints introduced through the ONS reclassification of Colleges as public sector.

5) Capital Strategy

The Group Property Strategy (approved by the Corporation in March 2024) sets out the strategic objectives for the 7 Colleges / 10 campuses within the Group as:

- High quality buildings and facilities
- Alignment with curriculum requirements
- Efficient and flexible teaching spaces
- Effective provision of range of social spaces and facilities for students
- Effective site management and security arrangements
- Buildings and facilities fully maintained and regularly updated
- Ongoing improvements in building management and sustainability aspects
- Identification and utilisation of multiple financing sources

During 2023/24, there was £29.2m spend on capital (with £27.6m of capital grants associated) across the Group on a range of major capital, refurbishment and key infrastructure projects.

The project to deliver a new building for the Sussex and Surrey Institute of Technology (CCG as lead partner) on the Crawley College site which will see a capital investment of circa £14.2m with an anticipated opening date of September 2025 is well underway.

CCG had two successful bids to the DfE FE Capital Transformation Fund (FECTF). The first was for a new STEM building on the Chichester site, which has been combined with a new HE Centre funded via the Office for Students, with a combined capital investment of circa £26.3m. This project also has an expected opening date of September 2025. The second bid was on the Pelham site in Brighton and was the second phase of the campus redevelopment. This project reclad and reglazed the tower building on the site. The final project cost is expected to be around £17.3m, fully funded by the FECTF, and completed in August 2024.

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 were also approved, with a total expenditure approaching £5.2m. These are a refurbishment of the redundant Music Block at Chichester, and a new Cattle shed on the Brinsbury Campus. Both of these projects are due to complete in the 2024/25 year.

6) 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 2023/24 based upon the actuary’s report.

At the year-end there was a £13.3m movement in the overall pension valuation, due to changes within the underlying assumptions. Total returns from the fund came to 7.2% in the year compared to (0.8)% in 2022/23.

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.

7) Failure to maintain the financial viability of the Group

The Group’s current financial health grade was classified as ‘Requires Improvement’ in 2022/23. The 2023/24 budget assessed the financial health at this level to 2024/25 before a planned improvement to ‘Good’ in the 2025/26 plan. The ESFA financial health assessment agrees with the assessment of ‘Requires Improvement’ for 2022/23 and 2023/24.

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 has implemented measures to deal with these uncertainties which outlined additional short and long-term lending which is now in place and operating effectively.

9) 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 not destabilised the Group operations and financial stability.

The merger with GBMC on 1st August 2022 created additional risk and uncertainty due to the financial position absorbed at the point of merger alongside the unplanned risk and impact of ONS reclassification on short term liquidity. Despite these uncertainties, management remain confident that the three-year merger plan financial operating performance target will be achieved by 2024/25.

KEY PERFORMANCE INDICATORS

Key Performance Indicator	Measure/Target	Actual for 2023/24
16-18 Student number targets	10,456	10,774
Student classroom achievement	Above 84.2%	85.3%
Apprentice achievement	Above 62.0%	70.4%
Progression to work, university or further education (known outcomes)	Above 90.0%	97.6%
Earnings before interest, tax, depreciation & amortisation	£3,004k	£2,303k
OFSTED rating	Outstanding	Outstanding
Student satisfaction "My teaching is good"	Above 90%	94%

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 2023/24 the achievement rate for Group's classroom-based learning was 85.3% (2022/23 84.9% National Achievement Rate Tables), including English and Maths.

The Group's apprentice achievement rate was 70.4% (2022/23: 63.7% 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 (2022/23) in both areas. Classroom based learning is 1.1 percentage points above the national average of 84.2%, and apprenticeships are 15.8 percentage points above the national average of 54.6%.

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 2023 to 31st July 2024, the Group paid 71% (2023: 88%) 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. Roof arrays will be installed at Brinsbury, Crawley, Chichester and Worthing Colleges during the next financial year. These arrays are projected to generate 387,000 kWh p.a. further contributing to our Carbon Neutral project.
- Replacement of the old gas boiler infrastructure at our West Durrington campus, and a move over to VRF systems (variable refrigerant flow), which will run off carbon neutral electricity.
- A new "Cloud Based" Building Management System (BMS) is currently being installed and evaluated at Chichester College, with plans to extend this system (Tridium) to all our new build projects, and then retrospectively into other campuses, over the coming years.
- "Powerman" PC Managements Systems have been installed, at Chichester and Crawley colleges automatically switching off PCs across the campuses, if they are inactive for a set period. The programme will continue to be rolled out to other sites, during the next academic year, if we are able.
- We continue to rationalise our Group Vehicle fleet, and remove any old stock, replacing them with electric vehicles when possible.
- A new Group contract is currently being considered, to move all the EV Charging Points over to a sole provider, ensuring consistency and value for money across CCG.
- There are also 4 major Capital Projects underway currently at CCG, which are all new build projects (Chichester STEM, Crawley IOT, Chichester Music Block and the West Durrington Construction Block), these buildings are designed to be energy efficient and gas free, and all of them are aiming to achieve "Net Zero Carbon in Operation" (NZCIO).
- All the information provided above is also contained in our Streamlined Energy & Carbon Reporting (SECR) Annual Report, which is available as a standalone document.

The BMS system previously mentioned, and the continued move from our old gas boilers to VRF and ASHPs (Air Sourced Heat Pumps) will lead to a significant reduction in our gas usage, which will create an increase in electricity consumption. However, all our electricity contracts are all 100% Renewable, which together with the additional Solar generation identified above, will contribute to an ongoing reduction in our carbon emissions.

The Group's greenhouse gas emissions and Scope 1,2, and 3 data is calculated by Streamlined Energy & Carbon Reporting (SECR), utilising all the latest UK approved methods (such as the GHG Protocol). All estimations equated to 0.23% of reported consumption, a decrease from the previous FY2022/23 report. Due to the Natural Gas restatement based on updated gas invoice data for increased accuracy, the estimation from the previous FY2023/23 period has improved from 7.85% to 7.14%.

UK Greenhouse gas emissions and energy use date for the period	**1st August 2023 to 31st July 2024**	**1st August 2022 to 31st July 2023**
Energy consumption used to calculate emissions (kWh)		
<u>Scope 1 emissions in metric tonnes CO2e</u>		

UK Greenhouse gas emissions and energy use date for the period	**1st August 2023 to 31st July 2024**	**1st August 2022 to 31st July 2023**
Gas consumption Owned transport Total	13,121,854 268,791 13,515,441	13,408,002 271,605 13,709,145
Scope 2 emissions in metric tonnes CO2e Purchased electricity	 8,874,796	 9,504,869
Scope 3 emissions in metric tonnes CO2e Business travel in employee-owned vehicles	 268,791	 271,605
Total gross emissions in metric tonnes CO2e	22,878,026	23,485,619
Intensity Ratios 1. All scopes total CO2e per Group total floor area (M2)	 0.0307 tCO2e	 0.0319 tCO2e
2. Metric tonnes CO2e per student/FTE/staff member/floor area compared to 2022/23 data (percentage change). 3. Metric tonnes CO2e per FTE excluding Bank Staff. 4. Metric tonnes CO2e per FTE including Bank Staff.	-3.71% 2,305 tCO2e 2,742 tCO2e	0.03 2,592 tCO2e 3,329 tCO2e

Intensity Ratios

The chosen intensity ratio measurements, for the table included above, are (1) the CO2e for the total floor area for the Group, (2) the total Floor Area Metre Squared compared to staff and students, (3) total CO2e per FTE excluding Bank Staff and (4) total CO2e per FTE including Bank Staff.

Conclusions

The information and table above represent the second year of figures for the newly merged Group, and now incorporates the GB Met sites. We are now showing a decrease in the transport figures, from 271,605 kwh to 268,791 kwh for this reporting period. The key points to draw from the figures, is the fact that our Electric usage has reduced by 6.6% and our Gas usage by 2.45% when you factor in the increased floor area of the new Group. This represents an overall reduction in the 4 intensity ratios shown in the table above, with everything heading in a positive direction, which equates to an overall percentage reduction of 3.71%.

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	1,728

Percentage of time	Number of employees
0%	0
1-50%	24
51-99%	2
100%	0

Total cost of facility time	£116,693.13
Total pay bill	£73,910,373
Percentage of total bill spent on facility time	0.16%
Time spent on paid trade union activities as a percentage of total paid facility time	1.9%

EQUALITY AND DIVERSITY

Equality, Diversity and Inclusion (EDI)

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 has established an EDI Steering Group chaired by the Executive Principal and Deputy Chief Executive. Each year, an Annual Equality & Diversity Report is produced and published to ensure compliance with all relevant equality legislation including the Equality Act 2010. The Steering Group has developed a three-year EDI action plan and is currently committed to signing up to the AOC EDI Charter and ensuring consistency of practice across all campuses. The Group undertakes equality impact assessments on all new policies and procedures.

Gender pay gap reporting

	Year ending 31st March 2023
Mean gender pay gap	9.24%
Median gender pay gap	16.3%
Mean bonus gender pay gap	13%
Median bonus gender gap	8.4%
Proportion of males/females receiving a bonus	60%/40%

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

	Males	Females
1 – Lower quartile	27.5%	72.5%

2	27.5%	72.5%
3	37.5%	62.5%
4 – Upper quartile	45%	55%

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 and/or additional needs;
- 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 2024 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 two years 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. The 2022/23 results showed a sharp downturn in financial performance in year 1 following the merger with GBMet. The 2023/24 financial results show a material improvement which is in line with this historic trend.

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 (in particular, energy cost increases, increases to Real Living Wage, National Insurance costs) continue to create a significant challenge to operating cost budgets. Secondly, there remains a significant risk and pressure to the Group resulting from comparatively low pay levels in the Further Education sector. The Government has recently announced an extra £300m revenue funding for Further Education alongside assurances in respect of funding to support National Insurance increases however the details are to follow. Recruitment and retention of staff is however likely to remain an issue and pay will need to be kept under constant review, placing additional financial pressures on the Group.

The Groups two active subsidiaries (First Steps Childcare Group and Anglia Examinations) continue to be closely monitored to ensure they are financially viable.

The Group is experiencing strong growth in its core 16-18 business. If current 2024/25 enrolment numbers convert to retained students, the group should see a material increase in the 2025/26 allocation alongside a proportionate increase to 2024/25 in-year funding (subject to availability of government funding).

In response to the post ONS reclassification and the inability to renegotiate loan terms commercially, coupled with the initial financial impact of the merger, members of the Corporation and the executive management team implemented measures to deal with these uncertainties before the 2023/24 year end closed. These measures included refinancing via the Department of Education of facilities previously provided by Barclays Bank alongside short-term financing to enable disposal of a College site. Management continue to assess cost levels across the Group against benchmarking data to help target initiatives most effectively.

The College Group has prepared forecasts including cashflow projections for a period up to 31 July 2026. These indicate that following the refinancing activity undertaken during the 2023/24 year, the Group cashflow and solvency position is positive and removes the material uncertainty in place at the 2022/23 year-end.

Governors are confident that post-merger benefits being seen during 2023/24 will continue and will support the improvement to operating financial performance 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 and Worthing College campuses, as part of a consolidation strategy for the Worthing area.

Following marketing of the Broadwater site a preferred purchaser has been identified and work is in progress to complete the sale of the site before vacation ahead of the 2025/26 academic year. The sale proceeds will be re-invested into the two other site in Worthing, providing better facilities for young people, apprentices and adults in the local area.

The majority of the relocated provision will move into existing buildings, some of which will be remodelled and refurbished to facilitate this. A new Construction Trades Centre is being built at West Durrington to accommodate the construction provision.

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 11th December 2024 and signed on its behalf by:

Steve Cooper (Dec 20, 2024 11:58 GMT)

Steven Cooper

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 2023 to 31st July 2024 and up to the date of approval of the annual report and financial statements. Whilst not having adopted the UK Corporate Governance Code 2018 the Group has due regard to it's principles and guidance.

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 in the Association of Colleges Further Education Code of Good Governance ("the Code").

In the opinion of the Corporation, the Group complies with the provisions of the Further Education Governance Code, and it has complied throughout the year ended 31st July 2024. A formal annual review has not been reported to the Board, however compliance with the Code was considered as part of the external board review. 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 duties, the Corporation seeks advice from the Clerk where necessary and takes full account of the Code of Good Governance issued by the Association of Colleges in 2023, which it formally adopted on 13th December 2023.

The Corporation

The members who served on the Corporation during the year 2023/24 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 2023/24
Oluwatosin Adebisi	1st August 2022	Until 31st December 2023	30th September 2024	Independent Member	Northbrook and Working Curriculum & Quality Committee	29%
Kamaljit Bains	1st November 2023	Until 31st October 2027 (4 years)	12th September 2024	Independent Member		25%
Lord Steven Bassam	18th October 2022	Extended from 1st November 2023 (four years)		Independent Member	Brighton Met and Haywards Heath Curriculum & Quality Committee	57%
Christopher Bennett	10th March 2023	Until 9th March 2027 (4 years)		Independent Member	Finance & General Purposes Committee	86%
Eleanor Claridge	13th December 2023	To the end of term as		Student Governor	Crawley and Brinsbury Curriculum &	33%

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committee Membership	Attendance in 2023/24
		Student President			Quality Committee	
Dr Roy Bowden	29th March 2019	Until 31st March 2025		Independent Member	Audit & Risk Committee, Northbrook and Working Curriculum & Quality Committee, Governance & Search Committee, Remuneration Committee	100%
Martin Colyer	1st August 2022	Until 31st July 2023, extended to 31st October 2023	31st October 2023	Independent Member	Audit & Risk Committee	N/a
Steven Cooper	Appointed as Chair for three years from 1st August 2024	Until 31st July 2027		Independent Member	Finance & General Purposes Committee, Remuneration Committee, Governance & Search Committee	80%
Danielle Dunfield-Prayero	1st November 2023	Until 31st October 2027 (4 years)	13th March 2024	Independent Member		0%
Gayathri Ganesan	1st November 2023	Until 31st October 2027 (4 years)		Independent Member	Crawley and Brinsbury Curriculum & Quality Committee	67%
Andrew Green	14th October 2021	Ex-officio		Chief Executive	Finance & General Purposes Committee, Resources Committee, Governance & Search Committee, Chichester Curriculum &	96%

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committee Membership	Attendance in 2023/24
					Quality Committee, Crawley and Brinsbury Curriculum & 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	
Lauri House	13th December 2023	To the end of term as Student President	31st July 2024	Student Governor	Northbrook and Worthing Curriculum & Quality Committee	20%
David Jones	Appointed as Vice-Chair for three years from 1st August 2024	Until 31st July 2027		Independent Member	Chichester Curriculum & Quality Committee, Student Committee. From 1 August 2024, Governance & Search Committee and Remuneration Committee	90%
Helen Kilpatrick CB	1st January 2019	Chair until 31st July 2024. Governor from 1st August 2024, until		Independent Member	Governance & Search Committee, Remuneration Committee	100%

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committee Membership	Attendance in 2023/24
		31st December 2027				
Paul Lansdowne	1st January 2024 (4 year term, second term of office)	Until 31st December 2027		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	86%
Ryan Sallows	1st August 2017	Until 31st July 2025		Independent Member	Crawley and Brinsbury Curriculum & Quality Committee	71%
Dr James Sarmecanic	1st August 2017	Until 31st July 2025		Independent Member	Governance & Search Committee, Remuneration Committee, Finance & General Purposes Committee (from 1 August 2024)	72%
Tom Simmonds	16th May 2023	Until 15th May 2027 (4 years)		Independent Member	Resources Committee	71%
Steven Skinner	1st November 2023	Until 31st October 2027 (4 years)		Independent Member		83%
Nick Sutherland	1st August 2016	Until 31st December 2024		Independent Member	Group Student Committee, Finance & General Purposes Committee	86%
Donna Turner-Irwin	1st August 2021	Until 31st July 2025 (4 years)	17th May 2024	Staff Governor	Brighton Met and Haywards Heath Curriculum & Quality Committee	20%

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committee Membership	Attendance in 2023/24
Ellen Walsh	1st August 2021	Until 31st July 2025 (4 years)	18th September 2023	Independent Member	Finance & General Purposes Committee	N/a
Paul Wright	1st August 2013, re-appointed 1st August 2017. Reappointed as Governor from 1st August 2022	Until 31st July 2024 (One year extension)	31st July 2024	Independent Member	Finance & General Purposes Committee, Governance & Search Committee, Remuneration Committee	92%

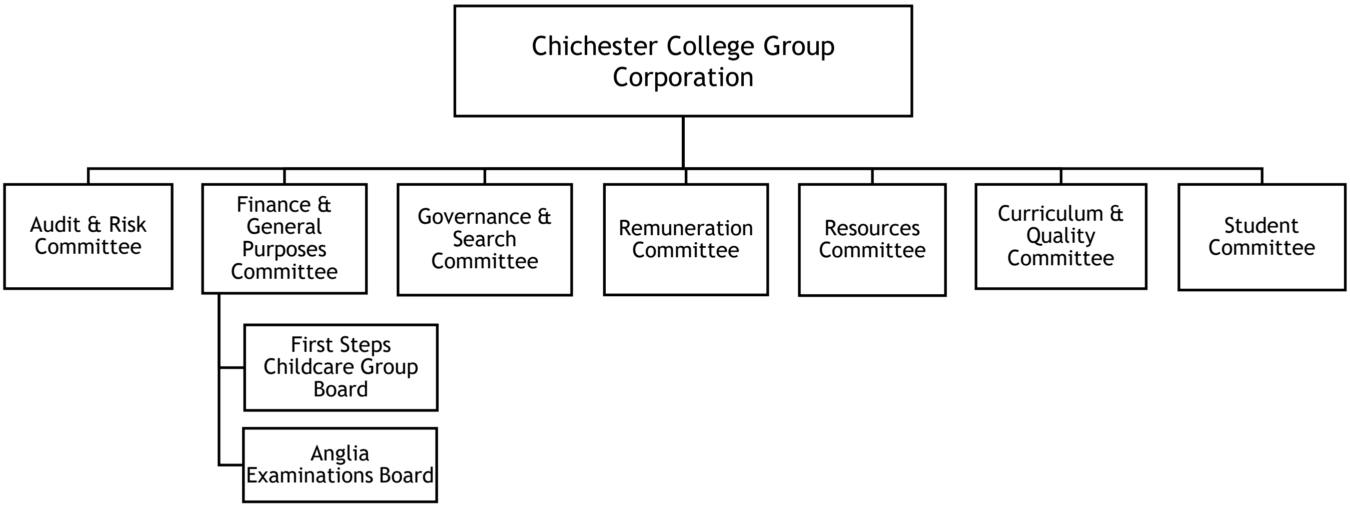
Co-opted Members who served on Committees of the Corporation during the year, are as follows:

Name	Date of Appointment	Term of Office	Date of resignation	Status of appointment	Committee Membership	Attendance in 2023/24
Amy Kensett	7th December 2022	Until 30th November 2026	23rd November 2023	Co-opted member	Audit & Risk Committee	100%
Zoe Wright	15th October 2020	Until 14th October 2024 (4 years)		Co-opted member	Resources Committee, Crawley and Brinsbury Curriculum & Quality Committee	100%

The Governance Framework

The Corporation's is responsible for the oversight of the Group's strategy, performance, the effective and efficient use of resources and standards of conduct.

The Corporation conducts its business through a traditional structure of committees, each with their own terms of reference, which have been approved by the Corporation. Following the external board review, the Corporation approved a change to the governance structure to introduce a central Curriculum & Quality Committee for the Group. The new structure will be in place for the academic year 2024/25 and is set out below.



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
- Health and safety and environmental issues;
- Developments within the FE and education sector generally.

During the year 2023/24 the Corporation met on six occasions, on the following dates:

- Tuesday, 17th October 2023;
- Wednesday, 13th December 2023;
- Wednesday, 27 March 2024;
- Tuesday, 14th May 2024;
- Wednesday, 10th July 2024;
- Thursday, 25th July 2024.

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. The Clerk to the Corporation, 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. In addition, 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

Appointments of new Corporation members are a matter for the consideration for the Corporation as a whole. The Governance & Search Committee 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 review included a survey to completed by the majority of Corporation members, desk top review, interviews with Corporation members and members of the Executive Team and observation of Committee and Corporation meetings.

The framework for the review was provided by the Association of Colleges and focussed on the following areas:

- Board composition
- Board structures
- Board interaction
- Overall board effectiveness

The table below summarises the key strengths and areas for development identified as a result of the review.

	Strengths	Areas for development
Board Composition	Strong finance skills.	More female members to be sought and the ethnic mix of the Board reviewed against the student and staff population.
	Good representation from merged college Boards.	Targeting major regional businesses as a source of future governors to be actively considered.
		Board to consider setting targets against which future prospective appointments are evaluated.
Board Structure	Clerk to the Corporation as member of Leadership Team, facilitating good decision-making planning and ensuring the Board stays appropriately sighted on key developing issues.	Introduction of an overall Curriculum and Quality Committee; refocus of College CQC meetings into focus groups.

	Strengths	Areas for development
	The maintenance and development of the recent introduction of a CEO's report.	Various measures to improve handling meeting papers – consistent use of summary cover sheets; use of Board Portal; report writing development for Managers.
	Clear, well prepared and structured agendas	Review levels of delegation.
	The presence of a Student Committee.	Introduce comprehensive Schedule of Business.
		Add training and development expectation to Governor Role Description and the creation of training and development plans for governors.
Board interaction	Good challenge at committee level.	Explore opportunities for greater relationship building between board members.

The overall conclusion from the review was that there is evidence that the Board is proficient and has impact on College strategy, effectiveness and outcomes. An action plan to address the areas for development has been agreed by the Governance & Search Committee who will monitor progress against the actions.

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 2023/24 the Clerk completed the Group's mandatory training modules, including Safeguarding, Equality, Diversity & Inclusion and Health & Safety. The Clerk attended regional and national networking events for FE governance professionals and a national event for Chief Executives, Corporation Chairs and Governance Professionals focussing on equity, diversity and inclusion. In addition, the external board review provided opportunities for the Clerk to reflect on current practice with the reviewer which has informed actions arising from the review.

During the year 2023/23 Corporation development events covered a range of topics including:

- The Group's financial priorities and an overview of the process in place to review financial contributions;
- The Ofsted inspection framework and preparation for the Group's next inspection;
- The external board review, outcomes and areas for development;
- General sector updates and focussed updates on qualification reform, Higher Education, Apprenticeships and Adult Education
- The Accountability Agreement 2024/25 and meeting the local skills need.

Remuneration Committee

Throughout the year ending 31st July 2024, the Group's Remuneration Committee comprised five 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 2023/24 the Remuneration Committee met on the following dates:

- Thursday, 16th November 2023;
- Tuesday, 24th May 2024.

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 2024 are set out in note 7 to the financial statements.

Audit & Risk Committee

The Audit & Risk Committee comprised two members of the Corporation, plus a Co-opted Member. The Accounting Officer and Chair of the Corporation are not members of the Committee. 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. In 2023/24 the Audit & Risk Committee met on the following dates:

- Wednesday, 22nd November 2023;
- Tuesday, 26th March 2024;
- Monday, 1st July 2024.

The members of the committee and their attendance records are shown below:

Committee Member	Meetings attended
Martin Colyer (resigned as a Corporation Member 31st October 2023)	0
Dr Roy Bowden	3
Steven Skinner	3
Richard Barnes, Co-opted Member	2
Amy Kensett, Co-opted Member (resigned as a Co-opted Member 23rd November 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 2024 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the 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 2024 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 2023/24 internal audit programme reviewed the following areas:

- Learner Journey
- Apprenticeships – tracking and monitoring
- Capital Projects
- Key financial controls
- FE Funding Rule Compliance
- Follow up

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

Internal Audit area	Assurance Level	Actions Agreed		
		H	M	L
Learner Journey	Reasonable	0	1	2
Apprenticeships – Tracking and Monitoring*	Reasonable	1	3	4
Capital Projects	Reasonable	0	1	1
Key Financial Controls	Substantial	0	1	1
FE Funding Rule Compliance	Advisory	0	8	14
Commercial Income	Reasonable	0	1	1
Follow Up*	Reasonable			

*Follow up work showed that 25 actions had been fully implemented, 12 actions were in progress and one had not been implemented.

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 areas were found to have minimal or partial assurance during the course of the external auditors work.

Responsibilities under funding agreements

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

The 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 2023/24, 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 2023/24 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 2024. Overall, there was one Grade A recommendation relating to the Group's Conflict of Interests policy and one Grade C recommendation relating to the Group's financial procedures and requests to make changes to standing data.

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 2024 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 2024, the Corporation considered the annual report from the Audit & Risk Committee for the year ended 31st July 2024, 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 2024, 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 11th December 2024 and signed on its behalf by:

Steve Cooper (Dec 20, 2024 11:58 GMT)

Steven Cooper
Chair

Andrew Green (Dec 20, 2024 11:01 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 20, 2024 11:01 GMT)

Andrew Green

Accounting Officer

Date: Dec 20, 2024

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.

Steve Cooper (Dec 20, 2024 11:58 GMT)

Steven Cooper

Chair

Date: Dec 20, 2024

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the 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 11th December 2024 and signed on its behalf by:

Steve Cooper (Dec 20, 2024 11:58 GMT)

Steven Cooper
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 31 July 2024 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 2024 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Governing Body's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and college's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the 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 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, 2024

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 20 November 2024 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 2023 to 31 July 2024 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by 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 2023 to 31 July 2024 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by 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 1 August 2023 to 31 July 2024 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, 2024

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 25. The nature of the Group's operations are set out in the Strategic 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 2024.

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 2024 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 two years 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. The 2022/23 results showed a sharp downturn in financial performance in year 1 following the merger with GBMet. The 2023/24 financial results show a material improvement which is in line with this historic trend.

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 (in particular, energy cost increases, increases to Real Living Wage, National Insurance costs) continue to create a significant challenge to operating cost budgets. Secondly, there remains a significant risk and pressure to the Group resulting from comparatively low pay levels in the Further Education sector. The Government has recently announced an extra £300m revenue funding for Further Education alongside assurances in respect of funding to support National Insurance increases however the details are to follow. Recruitment and retention of staff is however likely to remain an issue and pay will need to be kept under constant review, placing additional financial pressures on the Group.

The Groups two active subsidiaries (First Steps Childcare Group and Anglia Examinations) continue to be closely monitored to ensure they are financially viable.

The Group is experiencing strong growth in its core 16-18 business. If current 2024/25 enrolment numbers convert to retained students, the group should see a material increase in the 2025/26 allocation alongside a proportionate increase to 2024/25 in-year funding (subject to availability of government funding).

In response to the post ONS reclassification and the inability to renegotiate loan terms commercially, coupled with the initial financial impact of the merger, members of the Corporation and the executive management team implemented measures to deal with these uncertainties before the 2023/24 year end closed. These measures included refinancing via the Department of Education of facilities previously provided by Barclays Bank alongside short-term financing to enable disposal of a College site. Management continue to assess cost levels across the Group against benchmarking data to help target initiatives most effectively.

The College Group has prepared forecasts including cashflow projections for a period up to 31 July 2026. These indicate that following the refinancing activity undertaken during the 2023/24 year, the Group cashflow and solvency position is positive and removes the material uncertainty in place at the 2022/23 year-end.

Governors are confident that post-merger benefits being seen during 2023/24 will continue and will support the improvement to operating financial performance and as such the accounts are prepared using the going concern basis.

Recognition of income

Revenue grant funding

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

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 £111.9m. 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 FRS 102 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 2024 by £111.9m. 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 determined by the nature of the assets and intensity of their use, 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, as determined by the nature of the assets and intensity of their use.

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.

Concessionary Loans

The Group has taken the option under FRS 102 to treat concessionary loans as the initial measurement of the amount received as adjusted for any accrued interest payable.

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 4.0% 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 26, 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 2022 has been used by the actuary in valuing the pensions liability at 31st July 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability. Given that an asset has been recognised, an impairment review has been undertaken. Please see Accounting for post-employment benefits on page 42 and Note 26.

CHICHESTER COLLEGE GROUP

Consolidated & College Statements of Comprehensive Income for the year ended 31st July 2024

	Notes	2024		2023	
		Group	College	Group	College
		£'000	£'000	£'000	£'000
Income					
Funding body grants	1	88,625	88,625	90,047	90,047
Tuition fees and education contracts	2	13,706	13,771	15,113	15,167
Other grants and contracts	3	366	366	419	419
Other income	4	11,481	8,976	10,992	8,335
Investment income	5	5,251	5,209	3,582	3,574
Donations and Endowments	6	-	433	-	250
Gain from gift on consolidation	29	-	-	7,913	7,913
Total income		119,429	117,380	128,066	125,705
Expenditure					
Staff costs	7	76,273	74,369	75,186	73,165
Restructuring costs	7	407	405	597	594
Other operating expenses	8	31,541	31,440	29,377	29,348
Depreciation & Amortisation	12-13	8,171	8,152	7,864	7,848
Interest and other finance costs	10	1,320	1,320	1,233	1,233
Total expenditure		117,712	115,686	114,257	112,188
Surplus before other gains and losses		1,717	1,694	13,809	13,517
Gain on investments		2	2	5	5
Gain on investment properties		49	49	-	-
Surplus before tax		1,768	1,745	13,814	13,522
Taxation payable	11	27	-	77	-
Surplus for the year		1,741	1,745	13,737	13,522
Actuarial (loss) in respect of pensions	26	(5,524)	(5,524)	(57,072)	(57,072)
Total Comprehensive Income for the year		(3,783)	(3,779)	(43,335)	(43,550)
Represented by:					
Unrestricted comprehensive income		(3,783)	(3,779)	(43,335)	(43,550)
Restricted comprehensive income		-	-	-	-
		(3,783)	(3,779)	(43,335)	(43,550)
Surplus for the year attributable to:					
Non controlling interest		-	-	-	-
Group		1,741	1,745	13,737	13,522
		1,741	1,745	13,737	13,522
Total Comprehensive Income for the year attributable to:					
Non controlling interest		-	-	-	-
Group		(3,783)	(3,779)	(43,335)	(43,550)
		(3,783)	(3,779)	(43,335)	(43,550)

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 2024

	Income and Expenditure account £'000	Restrictive reserve £'000	Revaluation reserve £'000	Investment Property Revaluation reserve £'000	Total £'000
Group					
Balance at 1st August 2022	117,801	89	17,492	924	136,306
Surplus/(Deficit) 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 revaluation and income and expenditure reserves	303	1	(304)	-	-
	(43,037)	67	(304)	-	(43,274)
Balance at 31st July 2023	74,764	156	17,188	924	93,032
Surplus/(Deficit) from the income and expenditure account	1,690	2	-	49	1,741
Other comprehensive income	(5,524)	-	-	-	(5,524)
Transfers between reserves	300	3	(303)	-	-
Total comprehensive income for the year	(3,534)	5	(303)	49	(3,783)
Balance at 31st July 2024	71,230	161	16,885	973	89,249
College					
Balance at 1st August 2022	117,535	89	17,492	924	136,040
Surplus/(Deficit) 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 revaluation and income and expenditure reserves	303	1	(304)	-	-
	(43,252)	67	(304)	-	(43,489)
Balance at 31st July 2023	74,283	156	17,188	924	92,551
Surplus/(Deficit) from the income and expenditure account	1,694	2	-	49	1,745
Other comprehensive income	(5,524)	-	-	-	(5,524)
Transfers between reserves	300	3	(303)	-	-
Total comprehensive income for the year	(3,530)	5	(303)	49	(3,779)
Balance at 31st July 2024	70,753	161	16,885	973	88,772

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

CHICHESTER COLLEGE GROUP
Balance sheets as at 31st July 2024

	Notes	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Fixed assets					
Tangible fixed assets	12	181,143	181,055	160,012	159,972
Intangible fixed assets	13	419	342	112	90
Investments	14	29	650	27	648
Pensions asset	26	-	-	-	-
		181,591	182,047	160,151	160,710
Current assets					
Stocks		325	325	354	354
Trade and other receivables	15	9,207	9,201	10,260	10,146
Investments	16	1	1	1	1
Cash at bank and in hand		8,271	6,796	7,292	6,331
		17,804	16,323	17,907	16,832
Current Liabilities:					
Creditors – amounts falling due within one year	17	(24,718)	(24,170)	(24,034)	(23,999)
Net current liabilities		(6,914)	(7,847)	(6,127)	(7,167)
Total assets less current liabilities		174,677	174,200	154,024	153,543
Creditors – amounts falling due after more than one year	18	(84,459)	(84,459)	(60,058)	(60,058)
Provisions					
Other provisions	20	(969)	(969)	(934)	(934)
Total net assets		89,249	88,772	93,032	92,551
Restricted reserves					
Income and expenditure reserve - restricted reserve	21	161	161	156	156
Unrestricted reserves					
Income and expenditure reserve		71,230	70,753	74,764	74,283
Revaluation reserve		16,885	16,885	17,188	17,188
Investment Property Revaluation Reserve		973	973	924	924
Total reserves		89,249	88,772	93,032	92,551

The financial statements on pages 40 to 73 were approved and authorised for issue by the Corporation on 11th December 2024 and were signed on its behalf on that date by:

Steve Cooper (Dec 20, 2024 11:58 GMT)

Steven Cooper
Chairman

Andrew Green (Dec 20, 2024 11:01 GMT)

Andrew Green
Accounting Officer

CHICHESTER COLLEGE GROUP
Consolidated Statement of Cash Flows for the year ended 31st July 2024

	Notes	2024 £'000	2023 £'000
Cash inflow from operating activities			
Surplus for the year		1,741	13,737
Adjustment for non cash items			
Depreciation		8,171	7,864
Release of Deferred Capital Grants		(3,026)	(2,447)
(Gain)/Loss on investment properties		(49)	-
(Gain) on investmens		(2)	(5)
(Increase)/Decrease in stocks		29	(42)
(Increase)/Decrease in debtors		1,053	(5,297)
Increase in creditors due within one year		992	5,832
(Decrease)/Increase in creditors due after one year		(2,131)	2,131
Increase/(Decrease) in other provisons		200	-
Enhanced pension provision movement		(22)	794
Pensions costs less contributions payable		(670)	1,176
Movement in restrictive reserve		(5)	(67)
Defined benefit assets in merger gift		-	(4,892)
Fixed assets in merger gift		-	(47,312)
Taxation Payable		27	77
Adjustment for investing or financing activities			
Investment income		(5,251)	(3,582)
Interest payable		1,320	1,233
Taxation paid		(24)	(53)
(Profit)/Loss on sale of fixed assets		(12)	9
Net cash flow from operating activities		2,341	(30,844)
Investing activities			
Proceeds from sale of fixed assets		15	11
Investment income		252	131
New investments in merger gift		-	(22)
Payments made to acquire fixed assets		(29,207)	(10,702)
Capital Grants Received in merger gift		-	17,148
Capital Grants Received		27,619	8,440
		(1,321)	15,006
Financing activities			
Interest paid		(1,418)	(1,027)
Interest element of finance lease rental payments		(59)	(30)
New finance leases		683	412
New finance leases in merger gift		-	1,139
New loans		12,139	-
New loans in merger gift		-	21,232
Repayments of amounts borrowed on merger		-	(7,462)
Repayments of amounts borrowed ongoing		(10,808)	(1,616)
Repayments of amounts borrowed rolling credit facility		-	(2,000)
Capital element of finance lease rental payments		(578)	(519)
		(41)	10,129
Increase/(Decrease) in cash and cash equivalents in the year		979	(5,709)
Cash and cash equivalents at beginning of the year	22	7,292	13,001
Cash and cash equivalents at end of the year	22	8,271	7,292

1 Funding body grants

	2024		2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency -Adult	8,435	8,435	8,485	8,485
Education and Skills Funding Agency -16-18	62,365	62,365	55,925	55,925
Education and Skills Funding Agency -Apprenticeships	8,593	8,593	7,892	7,892
Office for Students	479	479	471	471
Specific Grants				
Education and Skills Funding Agency:				
Merger Grant	609	609	10,732	10,732
16-19 Tuition Fund	557	557	932	932
Strategic Development Funds	1,623	1,623	368	368
T Levels - Specialist Equipment Allocation	82	82	149	149
Maths Excellence	-	-	157	157
Other non recurrent grants	180	180	245	245
Non recurrent grants - Office for Students	105	105	160	160
Teacher Pension Scheme contribution grant	2,571	2,571	2,084	2,084
Releases of deferred capital grants	3,026	3,026	2,447	2,447
Total	88,625	88,625	90,047	90,047

1a Income in relation to Level 4 courses and above

	2024		2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Grant income from Office for Students	479	479	471	471
Grant income from other bodies	2,870	2,870	2,445	2,445
Fee income for taught awards (exclusive of VAT)	4,638	4,638	4,894	4,894
Fee income for non qualifying course	766	766	521	521
	8,753	8,753	8,331	8,331

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

2 Tuition fees and education contracts

	2024		2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	1,837	1,892	2,839	2,887
Apprenticeship fees and contracts	78	78	60	60
Fees for FE loan supported courses	1,079	1,079	694	694
Fees for HE loan supported courses	4,050	4,056	4,862	4,862
International students fees	2,101	2,105	2,150	2,156
Total tuition fees	9,145	9,210	10,605	10,659
Education contracts	4,561	4,561	4,508	4,508
Total	13,706	13,771	15,113	15,167

3 Other grants and contracts

	2024		2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Erasmus/Turing	290	290	330	330
Other grant income	76	76	89	89
Total	366	366	419	419

4 Other income

	2024		2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	5,122	5,628	4,849	5,321
Profit/(loss) on disposal of tangible fixed assets	12	12	-	-
Other income generating activities[1]	4,235	1,204	4,470	1,274
Other and miscellaneous income	2,112	2,132	1,673	1,740
Total	11,481	8,976	10,992	8,335

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

5 Investment income

	2024		2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other investment income	4	4	-	-
Other interest receivable	250	208	131	123
Pension finance income (note 26)	4,997	4,997	3,451	3,451
Total	5,251	5,209	3,582	3,574

6 Donations and Endowments

	2024		2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Distributions from subsidiaries	-	433	-	250
Total	-	433	-	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:

	2024	2023
	No.	No.
Teaching staff	958	960
Non teaching staff	1,435	1,507
	2,393	2,467

Staff costs for the above persons

	2024		2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Wages and salaries	58,446	56,816	55,931	54,240
Social security costs	5,209	5,099	4,989	4,873
Other pension costs	11,686	11,560	12,430	12,260
Payroll sub total	75,341	73,475	73,350	71,373
Contracted out staffing services	932	894	1,836	1,792
	76,273	74,369	75,186	73,165
Fundamental restructuring costs - contractual	407	405	597	594
	76,680	74,774	75,783	73,759

All severance costs were approved by the Corporation.

Serverance Payments

The Group paid 2 severance payments in the year, within the following bands:

	2024	2023
	No.	No.
£0 to £25,000	2	**6**

Included in staff restructuring costs are special severance payments totalling £17,450 (2023: £32,004). Individually, the payments were: £7,250 and £10,200.

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	2024 No.	2023 No.
	9	9

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		Other Staff (Part Time)*	
	2024 No.	2023 No.	2024 No.	2023 No.	2024 No.	2023 No.
£60,000 to £65,000	-	-	9	6	1	1
£65,001 to £70,000	-	-	5	6	-	2
£70,001 to £75,000	-	-	4	6	-	-
£75,001 to £80,000	-	-	13	1	1	-
£80,001 to £85,000	-	-	2	2	1	-
£85,001 to £90,000	-	-	2	1	-	-
£90,001 to £95,000	-	1	1	-	-	-
£95,001 to £100,000	-	-	-	-	-	-
£100,001 to £105,000	-	3	-	-	-	-
£105,001 to £110,000	2	-	-	-	-	-
£110,001 to £115,000	2	1	-	-	-	-
£115,001 to £120,000	-	-	-	-	-	-
£120,001 to £125,000	-	2	-	-	-	-
£125,001 to £130,000	2	-	-	-	-	-
£130,001 to £135,000	2	1	-	-	-	-
£170,001 to £175,000	-	1	-	-	-	-
£180,001 to £185,000	1	-	-	-	-	-
	9	9	36	22	3	3

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

7 Staff costs - Group and College (continued)

Key management personnel emoluments are made up as follows:

	2024 £'000	2023 £'000
Basic Salary	1,118	1,059
Performance related pay and bonus	-	(7)
Benefits in kind	14	9
	1,132	1,061
Pension contributions	265	239
Total emoluments	1,397	1,300

There was no performance related pay in the year. The negative figure in 2023 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:

	2024 £'000	2023 £'000
Basic Salary	177	168
Other including benefits in kind	3	3
	180	171
Pension contributions	45	40
	225	211

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 the key management personnel, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee, who justify the remuneration by taking into account the value delivered, sector benchmarking and the context in which the Group is operating. The Accounting Officer's salary is set at a spot point. The salary 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 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.

	2024 No	2023 No
Basic salary as a multiple of median basic salary of staff	7.0	8.0
Total remuneration as a multiple of median total remuneration of staff	6.9	7.8

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

	2024		2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	5,547	5,590	4,425	4,498
Non teaching costs	16,182	16,084	16,496	16,475
Premises costs	9,812	9,766	8,456	8,375
Total	31,541	31,440	29,377	29,348

Other operating expenses include:	**2024**	**2023**
	£'000	**£'000**
Auditors' remuneration:		
Financial statements audit		
External: financial statements and grant audits*	105	94
External: taxation compliance services**	4	2
Internal audit***	62	62
Payments to sub-contractors	1	20
Losses on disposal of tangible fixed assets (where not material)	-	9
Depreciation & Amortisation	8,171	7,864
Hire of assets under operating leases	569	583

* includes £101,000 in respect of the College (2022/23 £90,000)
** includes £nil in respect of the College (2022/23 £nil)
*** includes £62,000 in respect of the College (2022/23 £62,000)

8a Access and participation spending

	2024		2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Access investment	146	146	163	163
Financial Support to students	31	31	59	59
Disability support	24	24	26	26
Research and evaluation (relating to access and participation)	1	1	-	-
Total	202	202	248	248

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

	2024	**2023**
	£'000	**£'000**
Value of debts written off or other losses incurred	68	49
Value of compensation payments & ex-gratia payments	-	4

There were 2 debts (2023: 3 debts) written off with a value of more than £5,000. £7,761 related to a student debt that was no longer viable to chase. £5,421 related to a duplicated charge raised in error.

10 Interest payable - Group and College

	2024		2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
On bank loans, overdrafts and other	1,230	1,230	1,185	1,185
On finance leases	59	59	30	30
On Enhanced pension	31	31	18	18
Total	1,320	1,320	1,233	1,233

11 Taxation - Group only

	2024	2023
	£'000	£'000
Net United Kingdom corporation tax at 19 per cent	-	62
Net United Kingdom corporation tax at 25 per cent	27	15
Total	27	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			Equipment	Assets in the Course of Construction	Total
	Freehold	Investment property	Long leasehold			
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1st August 2023	173,785	1,230	11,716	19,467	7,468	213,666
Additions	444			1,768	26,959	29,171
Additions through business combination						-
Revaluations		49				49
Transfers	213			476	(689)	-
Disposals				(9)		(9)
At 31st July 2024	174,442	1,279	11,716	21,702	33,738	242,877
Depreciation						
At 1st August 2023	41,181	-	724	11,749	-	53,654
Charge for the year	4,789		557	2,740		8,086
Elimination in respect of disposals				(6)		(6)
At 31st July 2024	45,970	-	1,281	14,483	-	61,734
Net book value at 31st July 2024	128,472	1,279	10,435	7,219	33,738	181,143
Net book value at 31st July 2023	132,604	1,230	10,992	7,718	7,468	160,012

CHICHESTER COLLEGE GROUP
Notes to the Accounts for the year ended 31st July 2024 (continued)

12 Tangible fixed assets (College only)

	Land and buildings			Equipment	Assets in the Course of Construction	Total
	Freehold	Investment property	Long leasehold			
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1st August 2023	173,757	1,230	11,717	19,386	7,449	213,539
Additions	415			1,765	26,935	29,115
Additions through business combination						-
Revaluations		49				49
Transfers	195			475	(670)	-
Disposals				(9)		(9)
At 31st July 2024	174,367	1,279	11,717	21,617	33,714	242,694
Depreciation						
At 1st August 2023	41,172	-	724	11,671	-	53,567
Charge for the year	4,781		557	2,740		8,078
Elimination in respect of disposals				(6)		(6)
At 31st July 2024	45,953	-	1,281	14,405	-	61,639
Net book value at 31st July 2024	128,414	1,279	10,436	7,212	33,714	181,055
Net book value at 31st July 2023	132,585	1,230	10,993	7,715	7,449	159,972

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 2024 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 2024, based upon the deemed cost upon transition to FRS102, was £811,000 (2023: £831,000). The pre FRS102 transition historical cost of revalued buildings, was £373,000 (2023: £373,000) and associated depreciation charge in the year would have been £8,000 (2023: £8,000), giving an accumulated depreciation charge of £193,000 (2023: £185,000).

The net book value of equipment includes an amount of £1,206,000 (2023: £984,000) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £470,000 (2023: £442,000).

Assets in the course of construction includes: £17,229,000 for Pelham Tower at the Central Brighton campus, £7,167,000 for the HE/STEM Centre at the Chichester campus, £2,756,000 for the IOT Building at the Crawley campus, £1,038,000 for the redevelopment of the Music block at the Chichester campus, £1,250,000 for the cattle sheds at the Brinsbury campus and £1,322,000 on the LSIF project.

13 Intangible fixed assets

	Group		College	
	Software	Total	Software	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1st August 2023	741	741	662	662
Additions	392	392	326	326
Additions through business combination		-	-	-
At 31st July 2024	1,133	1,133	988	988
Amortisation				
At 1st August 2023	629	629	572	572
Amortisation for the year	85	85	74	74
At 31st July 2024	714	714	646	646
Net book value at 31st July 2024	419	419	342	342
Net book value at 31st July 2023	112	112	90	90

14 Non current Investments

	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Investments in subsidiary companies	-	621	-	621
Investments in associate companies	-	-	-	-
HSBC ordinary shares at market value	29	29	27	27
Total	29	650	27	648

Investments in subsidiary companies are as follows:

	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 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 2024 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 2024 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:	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Trade debtors	2,303	1,717	2,197	1,482
Amounts owed by subsidiary undertakings	-	590	-	628
Other debtors	87	87	156	140
Prepayments and accrued income	3,035	3,025	2,885	2,874
Amounts owed by the ESFA	3,782	3,782	5,022	5,022
Total	9,207	9,201	10,260	10,146

16 Current investments

	2024		2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Investment in shares	1	1	1	1
Total	1	1	1	1

17 Creditors: amounts falling due within one year

	2024		2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	300	300	1,206	1,206
Obligations under finance leases	460	460	415	415
Concessionary Funding Body Loans	200	200	200	200
Other Loans	263	263	263	263
Trade creditors	6,132	6,071	5,844	5,814
Amounts owed to Subsidiary undertakings	-	99	-	485
Corporation tax	27	-	39	-
Other taxation and social security	2,558	2,532	2,437	2,411
Payments received in advance & deferred income	1,720	1,498	1,841	1,684
Accruals	1,616	1,467	1,923	1,796
Holiday Pay Accrual	993	971	938	932
Other Creditors	882	742	1,197	1,062
Deferred income - government capital grants	2,941	2,941	2,583	2,583
Amounts owed to the ESFA	5,495	5,495	3,805	3,805
Amounts owed to the ESFA - unspent government capital grants	1,131	1,131	1,343	1,343
Total	24,718	24,170	24,034	23,999

18 Creditors: amounts falling due after one year

	2024		2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Bank loans	1,275	1,275	10,714	10,714
Obligations under finance leases	677	677	617	617
Concessionary Funding Body Loans	13,944	13,944	2,005	2,005
Other loans	3,816	3,816	4,079	4,079
Funding body grants	-	-	2,131	2,131
Deferred income - government capital grants	64,747	64,747	40,512	40,512
Total	84,459	84,459	60,058	60,058

19 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2024		2023	
	Group £'000	College £'000	Group £'000	College £'000
In one year or less	300	300	1,206	1,206
Between one and two years	300	300	9,439	9,439
Between two and five years	900	900	900	900
In five years or more	75	75	375	375
Total	1,575	1,575	11,920	11,920

A bank loan at a fixed rate of 6.645% was renegotiated on 1st August 2022 (2024: £1,575,000, 2023: £1,875,000). 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 1st August 2022, an existing loan of £3,296,000 was aggregated with loans taken on from GBMet at a floating rate of Bank of England plus 2.75% and was secured against Pelham Street campus and Crawley campus. This loan was repaid on 31st July 2024.

A bank loan originally in relation to the merger with Central Sussex College at a fixed rate of 8.25% was renegotiated on 1st August 2022 (2024: £nil, 2023: £151,000). The bank loan was repayable by quarterly instalments up to November 2023. The loan was secured against Pelham Street campus and Crawley campus.

(b) Finance leases

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

	2024		2023	
	Group £'000	College £'000	Group £'000	College £'000
In one year or less	460	460	415	415
Between two and five years	677	677	617	617
In five years or more	-	-	-	-
Total	1,137	1,137	1,032	1,032

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

19 (continued)

(c) Concessionary Funding Body Loans

Funding body loans are repayable as follows:

	2024		2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
In one year or less	200	200	200	200
Between one and two	1,028	1,028	200	200
Between two and five	4,668	4,668	600	600
In five years or more	8,248	8,248	1,205	1,205
Total	14,144	14,144	2,205	2,205

A loan for £2,005,000 (2023: £2,205,000) at a variable rate based on the on public works loan board (PWLB) 6 month rate plus 2% margin, was renegotiated on 31st July 2024 to be replaced with a variable rate based on PWLB standard rate. 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.

A loan for £9,139,000, at a variable rate based on PWLB standard rate, was negotiated on 31st July 2024. The loan is secured on the Pelham Street campus and is repayable by quarterly instalments starting in February 2026 up to February 2038.

A loan for £3,000,000 (with drawdown options of an additional £12,300,0000), at a variable rate based on PWLB standard rate, was negotiated on 31st July 2024. The loan is secured on the Pelham Street campus. £10,000,000 of the additional drawdown is repayable on sale of the Broadwater campus. The balance of the loan is repayable by quarterly instalments starting in January 2026 up to July 2034.

(d) Other Loans

Other loans are repayable as follows:

	2024		2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
In one year or less	263	263	263	263
Between one and two	263	263	263	263
Between two and five	790	790	790	790
In five years or more	2,763	2,763	3,026	3,026
Total	4,079	4,079	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	Other	Defined benefit Obligations	Total
	£'000	£'000	£'000	£'000
At 1st August 2023	614	320	-	934
Expenditure in the year	(53)	-	(670)	(723)
Additions in the year: Pension finance cost/(income)	31	200	(4,997)	(4,766)
Actuarial (gain)/loss	(143)	-	5,667	5,524
At 31st July 2024	449	520	-	969

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 Reserves

	2024		2023
	Expendable & permanent endowments	Total	
	£'000	£'000	£'000
Balance at 1st August 2023	67	67	-
Additions through business combination	-	-	61
Dividends received	3	3	1
Increase in market value of investments	2	2	5
Total endowment comprehensive income for the year	5	5	67
Balance at 31st July 2024	72	72	67
Analysis by type of purpose:			
Scholarships and bursaries	72	72	67
Analysis by asset			
Current & non-current asset investments		29	27
Cash & cash equivalents		43	40
		72	67
Balance at 31st July 2024			
Chettle Fund		69	64
Anthony Amies		1	1
Evelyn Spencer		2	2
		72	67

22 Cash and cash equivalents

	At 1/8/23	Other changes	New finance leases	Cash flows	At 31/7/24
	£'000	£'000		£'000	£'000
Cash and cash equivalents	7,292	-	-	979	8,271
	7,292	-	-	979	8,271
Bank loans	(11,920)	-	-	10,345	(1,575)
Finance leases	(1,032)	-	683	(790)	(1,139)
Funding body loans	(2,205)	-	-	(11,939)	(14,144)
Other Loans	(4,342)	-	-	263	(4,079)
Current asset investments	1	-	-	-	1
Net debt	(12,206)	-	683	(1,142)	(12,665)

23 Capital commitments

	2024		2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Commitments contracted for at 31st July	29,989	29,989	2,943	2,943

24 Lease Obligations

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

	2024	2023
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	133	127
Later than one year and not later than five	352	318
later than five years	8,560	7,808
	9,045	8,253
Other		
Not later than one year	429	477
Later than one year and not later than five	315	464
later than five years	-	-
	744	941
Total lease payments	9,789	9,194

Included in the obligation for land and buildings are amounts payable under the terms of the lease for land at Shoreham airport of £86,400 per annum. The lease is for 125 years and is due to expire in 2128.

25 Events after the reporting period

The Group is in discussion to sell the Broadwater campus in Worthing and move the curriculum activities to other campuses in Worthing. It is expected that the sale will go through in 2024/25. The sale should result in a financial gain to the Group based upon the expected selling price and the carrying value of the Broadwater campus. The proceeds from the sale will be reinvested in facilities at the other Worthing campuses. This constitutes a non-adjusting post balance sheet event. If the sale takes place in 2024/25, the transactions will be recorded in the 2024/25 financial statements.

In November 2024 the Group concluded a transaction to sell a small parcel of land on the Chichester campus tc facilitate access to an adjacent residential landowner. The sale proceeds are £73,500, which will be returned to the DfE.

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; 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 2020 and of the LGPS 31st March 2022.

Total pension cost for the year		**2024**		**2023**
		£’000		**£’000**
Teachers Pension Scheme: contributions paid		6,762		5,964
NEST: contributions paid		66		63
Local Government Pension Scheme:				
Contributions paid	5,528		5,227	
FRS 102 (28) charge	(670)		1,176	
Charge to the Statement of Comprehensive Income		4,858		6,403
Enhanced pension charge to Statement of Comprehensive Income		-		-
Total Pension Cost for Year - Per note 7		11,686		12,430

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 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion (compared to £22 billion in thye 2016 valuation).
As a result of the valuation, new employer contribution rates were set at 28.68% of pensionable pay from April 2024 (compared to 23.68% during 2023/24).

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 £6,762,000 (2023: £5,964,000)

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 2024 was £7,465,000, of which employer's contributions totalled £1,733,000 and employees' contributions totalled £5,732,000. The agreed contribution rates for current & future years are 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 2023 updated to 31st July 2024 by Hymans Robertson.

	2024	**2023**
Rate of increase in salaries	5.00%	4.50%
Future pensions increases	2.75%	3.00%
Discount rate	5.00%	5.05%
Inflation assumption (CPI)	2.75%	3.00%
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:

	2024	**2023**
	years	**years**
Retiring today		
Males	21.2	21.3
Females	24.2	24.2
Retiring in 20 years		
Males	21.7	21.8
Females	25.3	25.3

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 2024	**Fair Value at 31st July 2023**
	£'000	**£'000**
Equities	163,425	149,315
Bonds	96,844	87,335
Property	36,317	39,442
Cash	6,053	5,635
Total market value of assets	302,639	281,727
Actual return on plan assets	20,259	(4,216)

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

	2024	**2023**
	£'000	**£'000**
Fair value of plan assets	302,638	281,727
Present value of plan liabilities	(189,598)	(181,910)
Present value of unfunded liabilities	(1,115)	(1,197)
Minimum fund requirement basis impairment charge	(111,925)	(98,620)
Net pensions (liability)/asset	-	-

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:

	2024	2023
	£'000	£'000
Amounts included in staff costs		
Current service cost	4,769	6,230
Past service cost	220	24
Total	4,989	6,254
Amounts included in investment income		
Net interest income/(expenditure)	4,997	3,451
	4,997	3,451

Amounts recognised in Other Comprehensive Income

	2024	2023
	£'000	£'000
Return on pension plan assets	6,108	(14,432)
Experience losses arising on defined benefit obligations	(6,347)	(59,709)
Changes in assumptions underlying demographics	382	13,728
Changes in assumptions underlying the present value of plan liabilities	7,495	53,934
Minimum fund requirement basis impairment charge	(13,305)	(50,488)
Amount recognised in Other Comprehensive Income	(5,667)	(56,967)

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

	2024	2023
	£'000	£'000
Gain/(Loss) in scheme at 1st August	-	49,800
Movement in year:		
Greater Brighton Metropolitan College defined benefit asset at 1st August	-	4,892
Current service cost	(4,769)	(6,230)
Employer contributions	5,550	4,974
Past service cost	(220)	(24)
Contributions in respect of unfunded benefits	109	104
Net interest on the defined (liability)/asset	4,997	3,451
Actuarial gain or loss	(5,667)	(56,967)
Net defined benefit asset/(liability) at 31st July	-	-

26 Retirement benefits (continued)

Local Government Pension Scheme (Continued)

Asset and Liability Reconciliation

	2024	**2023**
	£'000	**£'000**
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	183,107	132,925
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	4,769	6,230
Past Service cost (including curtailments)	220	24
Interest cost	9,244	6,765
Contributions by Scheme participants	1,586	1,452
Experience gains and losses on defined benefit obligations	6,347	29,768
Changes in demographic assumptions	(382)	(13,728)
Changes in financial assumptions	(7,495)	(52,013)
Estimated benefits paid	(6,574)	(5,443)
Unfunded benefits	(109)	(104)
Defined benefit obligations at end of period	190,713	183,107

	2024	**2023**
Reconciliation of Assets		
Fair value of plan assets at start of period	281,727	213,857
Greater Brighton Metropolitan College fair value of plan assets at 1st August	-	101,044
Interest on plan assets	14,241	10,216
Contributions by Scheme participants	1,586	1,452
Employer contributions	5,550	4,974
Contributions in respect of unfunded benefits	109	104
Estimated benefits paid	(6,574)	(5,443)
Unfunded benefits paid	(109)	(104)
Experience gains and losses on defined benefit obligations	-	(29,941)
Return on plan assets	6,108	(14,432)
Assets at end of period	302,638	281,727

27 Related party transactions

The total expenses paid to or on behalf of the Governors during the year was £1,030; 7 governors (2023: £276; 2 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 (2023: none). Due to the nature of the Group's operations and the composition of the members of the Corporation being drawn from local public and private ector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at an arm's length and in accordance with the Group's financial regulations and normal procurement procedures.

Smitten Ltd - a company in which the Group's Chief Executive, Andrew Green, is a director. The company has ceased trading and went into a creditors voluntary liquidation on 19th December 2023. There were no transactions in 2024 (2023: £50). There were no amounts outstanding at the balance sheet date. All transactions were on an arm's length basis.

The Group employed the spouse of the Chief Executive as a Library Assistant (start date 22nd February 2024) and as a HE Student Recruitment Officer (start date 15th April 2024). The Library Assistant role is a 0.32 FTE with gross pay of £3,196 in the financial year. The HE Student Recruitment Officer is a 0.41 FTE with gross pay of £2,945 in the financial year.

FE Sussex Ltd - a company in which the Group's Chief Executive, Andrew Green is a director. Transactions totalling £905,593 (2023: £44,300) relating to project management fees and £20,600 (2023: £nil) for membership fees were bought by the Group. Transactions totalling £121,147 (2023: £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.

	2024	**2023**
	£	**£**
Payroll costs including participation in a defined benefit plan	542,681	580,539
Settlement of liabilities on behalf of the entity or by the entity on behalf of another party	(66,109)	2,923
Amounts owed by subsidiary undertakings	590,321	627,749

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

	2024	**2023**
	£	**£**
Payroll costs including participation in a defined benefit plan	41,379	57,196
Allocation of central costs	65,000	65,000
Settlement of liabilities on behalf of the entity or by the entity on behalf of another party	229,570	220,777
Amounts owed to Subsidiary undertakings	99,304	485,253

28 Amounts disbursed as agent

Learner support funds

	2024	2023
	£'000	£'000
Balance brought forward	291	134
Acquired through business combination	-	229
Funding body grants – discretionary learner support	1,417	1,256
Funding body grants – residential bursaries	-	26
Funding body grants – Free School Meals	231	170
	1,648	1,681
Disbursed to students	(1,636)	(1,456)
Administration costs	(82)	(68)
Balance unspent as at 31st July, included in creditors	221	291

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.

Merger Grant

	2024	2023
The grant received in respect of the merger related to the following:	£'000	£'000
Merger related costs	609	1,611
2021/22 GBMet AEB clawback	-	1,848
Waiver of exceptional financial support previously provided to GBMet	-	5,362
Settlement of GBMet loans	-	2,100
	609	10,921

2023-24 Strategic Report and Consolidated Accounts CCG

Final Audit Report 2024-12-20

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