

**Petroc**

**Annual report**

**for the year ended 31 July 2024**

## **Key Management Personnel, Board of Governors and Professional Advisers**

### **Key Management Personnel**

Key management personnel are defined as members of the College Executive Team and were represented by the following in 2023/24:

Sean Mackney	Principal and Chief Executive
Jason Jones	Deputy Principal Education and Learners
Bill Blythe	Vice Principal, Finance, Resources and Regional Affairs
Sheena Murphy-Collett	Vice Principal, People, Organisational Development and Engagement

### **Board of Governors**

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

Joanna Boardman acted as Director of Governance and Director of Executive Operations.

### **Professional Advisers**

#### **Statutory Auditors**

Forvis Mazars LLP  
90 Victoria Street  
Bristol  
BS1 6DP

#### **Internal Auditors**

RSM UK Risk Assurance Services  
Second Floor  
1 The Square  
Temple Quay  
Bristol  
BS1 6DG

#### **Bankers**

Barclays plc  
Lloyds Bank plc

#### **Solicitors**

Clarke Willmott  
Colleton Chambers  
Eversheds Sutherland  
Harrison Clark Rickerbys  
Michelmores  
Rise HR  
Wollen Michelmore

## **Petroc**

### **Annual report**

### **for the year ended 31 July 2024**

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## **Report of the members of the Corporation for the year ended 31 July 2024**

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

### **Mission**

'Excellence through Learning'

At the heart of what the College does, its area of greatest expertise and its typical starting point for developing solutions or making a difference is Learning. That is how it makes a positive difference in the world and how it equips others to do so. Learning is also central to how the College creates the organisational capability to achieve impact – through individual and organisational learning that provides the capability to effect change whatever the change in context.

Excellence sets a high bar for the College's own performance - an excellent institution, benchmarked against the best in England. The College is ambitious and will strive to achieve more. Excellence is also what the College supports others to attain. The College will enable the highest levels of learner achievement and the highest levels of career and life fulfilment, through learning that will stretch and challenge. Excellence is what customers, businesses and other organisations can expect to achieve themselves through working with the College.

### **Public Value/Benefit Statement**

Petroc is committed to driving forward educational success in further and higher education. We will raise the aspirations, knowledge and skills of individuals, communities and business in Devon and beyond.

Petroc will enable the highest levels of learner achievement and the highest levels of career and life fulfilment. Excellence is what customers, businesses and other organisations can expect to achieve themselves through working with the College.

The College sets out its aims and objectives through our strategic plan 'Petroc 2025'.

We are extremely passionate to support, create and sustain businesses through a range of business services. We will support local businesses and entrepreneurs to innovate, exchanging knowledge and promoting the application of best practice in the firms it works with, in addition to the development of skills, education, training and apprenticeships.

In line with strategic economic plans for the wider area, we will continue to play a leading role with partners in working to sustain the health, happiness and prosperity of its communities, through contributing strategically and operationally to the implementation of local and regional plans.

As a significantly sized organisation we will impact on current practices and the growth of the green economy through our connections to employers, learners and communities across the South West. We will establish our commitment to the UN Sustainable Development Goals through our practices and curriculum design.

To achieve this, we aim to continue our effective dialogue and relationships with all stakeholders to plan our delivery to meet the needs of our communities and to ensure that information on the activities and aspirations of the College is made widely available and reported on annually to our communities.

## **Implementation of Strategic Plan**

A Strategic Plan for 2020 to 2025 was adopted by the Board to run from 1 August 2020.

In July 2020 the College updated its Strategic Plan for the period 2020-2025 with five strategic priorities:

- Create outstanding learner achievement in all areas
- Transform life chances and employment prospects for all
- Boost productivity, innovation and agility of businesses and organisations
- Build community and prosperity within North and Mid Devon and the wider South West of England
- Tackle the climate emergency

The College similarly adopted five ways of working:

- Personalised and customer-focused
- Agile and entrepreneurial
- Digitally Able
- Achieving Value for Money
- Continuously learning and improving

The College's financial objectives are to:

- Set ourselves ambitious but achievable financial targets that can support the learners who are with us now whilst creating space for investment in the future. Focussing on the interaction between students and the estate to create a unique environment hosting recreational, academic and social functions, our vision is about encouraging synergy and social behaviour in a space that learners find welcoming.
- Aim for an environment where Information and Learning Technologies are deployed effectively to enable learners, staff and businesses to thrive and succeed. We provide information and support services that are sector-leading with a clear focus on providing an outstanding learner experience.
- We will expect all our staff to own the responsibility for achieving the best value for money. We will be unrelenting in our focus on delivering it. We will achieve economy and efficiency in how the College delivers outcomes and impact, demonstrating effectiveness and equity between those who benefit. We will strive for the highest levels of performance, continually assessing the effectiveness of our methods and adopting a new relationship with data, so that it informs day-to-day changes in search of improved outcomes for all. We prize the value for money we deliver because every pound not saved is a pound not spent on delivering excellence through learning.

A new strategic plan is currently in development.

## **Stakeholders**

The College has many stakeholders including:

- its current, future and past students
- its staff and their trade unions. The main trade unions of which College staff are members of are UCU, NEU and Unison
- the employers it works with
- its funding bodies; ESFA, DfE and OfS
- its partner schools across Devon and North Cornwall and universities, namely Plymouth, Bolton and Exeter with whom a Memorandum of Understanding was signed in 2023/24.
- the wider College community
- its local councils, and (Until 1 April 2024) the Local Enterprise Partnership
- Banks; Lloyds and Barclays

The College now produces an annual accountability statement reflecting its engagement with the civic community, employers and its response to the Local Skills Improvement Plan. This Statement is published on the College website and shared with the DfE.

### Finances

The College reported an operating deficit of £2.852m (2023: deficit of £2.137m). This includes pension charges of -£375k (2023: £1.148m), fundamental restructuring costs incurred of £290k (2023: £357k).

The Statement of Comprehensive Income reflects an actuarial loss of £416k (2023: actuarial gain of £14.697m) on pension schemes in respect of FRS 102 (28).

In year the College generated operational cash of £984k, however at 31<sup>st</sup> July 2024 cash and investment balances have decreased from £5.374m to £3.286m due to higher than normal levels of capital investment, largely due to one-off costs relating to the purchase and sale of Brannams Campus.

Looking forward, the College has prepared a financial strategy and future years forecast, the early years of which are based on detailed business plans, but during a time of ongoing uncertainty will require constant review and appropriate action taken to ensure the College's financial health is maintained and strategic objectives are achieved.

The Defined Benefit Pension Liability was impacted by positive changes in financial assumptions/returns, no asset has been recognised in the accounts.

### Performance Indicators

Key Performance Indicator	Target for 2023/24	FEC' Measures / Expectation	Actual for 2023/24
Operating surplus/deficit as a % of income	-1.29%	Greater than 1%	-3.43%
EBITDA as a % of income	6.51%	Greater than 6%	3.18%
Cash generation	£912k	n/a	£984k
Cash days	52	Greater than 25 (all months)	50
Adjusted current ratio	1.62	Greater than 1.4	0.89
Borrowing as a % of income	32.05%	n/a	9.57%
Debt Service Cover Ratio	1.71	Greater than 2	2.35
Reliance on ESFA	Less than 70%	n/a	70%
Financial Health Score	Good	Good/Outstanding	Requires Improvement
Average Class Size – All Provision / Excludes SLDD, HE, Apprenticeships, Tutorials	18	18	12.3 / 13.1
Staff utilisation	Greater than 95%	Greater than 97%	94%
Staff costs as a % of income excluding restructuring, sub-contracting and projects	64.78%	Less than 65%	71.44%

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as achievement rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency (ESFA). The College is assessed by the ESFA as having a "Requires Improvement" financial health grading.

## **Treasury Management Policy**

Petroc defines its treasury management activities as:

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

Under Petroc's policy, deposits are restricted to periods not exceeding 12 months with approved institutions only, for amounts up to £3m, and must be authorised by the Vice Principal. Any bank overdraft or borrowing facilities require the approval of the Governing Body and shall comply with the requirements of the accountability agreement, funding agreements and contracts with Petroc and the ESFA and DfE. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

## **Liquidity**

Loans of £8.4m were taken out with repayment of up to twenty seven years with the final repayment dates being 2037 for a £2m loan, £2.8m ending in 2030, £0.6m ending in 2027, and £3m ending in 2017. The outstanding balance at 31 July 2024 is £2.408m. Debt servicing costs for these loans for the next two years equate to £810k; the financial forecast recognises this challenging schedule by balancing the operating and capital expenditure needs of the College with a requirement to make a modest operating surplus and ensuring an ability to service debt repayments.

The net cash inflow from operating activities was £984k (2023: net cash inflow £2.623m).

## **Principal Risks and Uncertainties**

Petroc's Risk Management Processes and Procedures have undergone significant development over the past 4 years. This was driven initially by the implementation of the 2020-2025 Strategy, and the creation of the Executive Office Team, who have worked with the Vice Principal to embed best practice methodologies into the College systems.

As part of this development, a new Strategic Risk Register was created in Nov 2022 with direct input from the Board of Governors. A 'cause and effect' approach to Strategic Risk was adopted, following Petroc's participation in the Risk Management Development Strand of the College Collaboration Fund Project (working with other colleges, and auditors RSM UK, to create a best practice approach to Risk Management and Board Assurance for Further Education Colleges), which helped to develop a more focused Strategic Risk Register. This resulted in the number of strategic risks reducing from 26 to 11, making the register easier to manage, as well as simplifying the identification of key strategic risks to the organisation and bringing it in line with sector norms. Alongside the register, a new 'non-multiplier' risk scoring matrix was introduced, informed by best practice from across the sector, and new risk appetite categories and scores were developed.

Training was provided to Petroc Staff and Governors by RSM UK to support the implementation of the new processes and enhance governors' ability to interrogate the information within the register.

The strategic risk register has been regularly monitored and updated by the Executive over the past year, with termly presentation to the Audit Committee.

Changes in the political and economic landscape bring with them many risks to the College. The current economic situation, cost of living crisis and energy price increases all have knock on effects for Petroc, whether this be directly through increased financial pressures, impact on staff, or through potential learners choosing to enter employment rather than education. The College will continue to closely monitor the situation, keeping abreast of new government rules and regulations, and working to mitigate the impacts.

Further to the development of the Strategic Risk Register, Petroc's operational risk register is currently undergoing significant changes to bring it in line with the updated processes. This has included the development of new departmental level risk registers, again using the 'cause and effect' methodology and the new scoring matrices and risk appetites.

The Executive Office have worked closely with department managers, through workshops and one-to-one meetings, to support the creation of the new registers which superseded the previous operational risk registers from December 2023.

### **Government Funding**

The College is managing the ongoing changes that impact on current and future funding, including apprenticeship reforms, the changes to, and subsequent devolution of the adult education budget (adult skills fund) and Covid-19 regulations alongside the consultations on more radical reform of funding, ONS reclassification and the FE act.

### **Maintain adequate funding of pension liabilities**

The financial statements report the share of the Local Government Pension Scheme (LGPS) deficit on the College's balance sheet in line with the requirements of FRS 102.

The risk is mitigated by an agreed deficit recovery plan with the Devon County Council LGPS.

### **Failure to maintain the financial viability of the College**

The College's current financial health grade is classified as "Required Improvement" as described above. The continuing challenge to the College's financial position remains the constraint on the further education funding arising from the ongoing cuts in public sector spending whilst maintaining the learner experience and increasing learner recruitment. This is further exacerbated by the absence of central funding for a pay award equivalent to school teachers and upward pressures on the living wage. This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Strong financial management
- Regular in year budget monitoring
- Robust financial controls
- Exploring ongoing procurement efficiencies
- Benchmarking against other similar colleges

Compliance with Bank Covenants remains challenging, particularly in respect of debt servicing.

### **Accommodation Strategy**

The College's Estates Strategy was approved in January 2022 and will be updated in late 2024/early 2025. The key objective of the estates strategy remains to provide all learners and staff with excellent teaching and learning facilities. The College is committed to operating the estate in a sustainable and efficient manner that will minimise the carbon footprint and enhance the learning experience.

During 2023/24 the College continued a major Public Sector Decarbonisation Scheme (Salix) to reduce by some 98% its natural gas consumption and generate solar electricity to power heat pumps. There were also numerous IT and Equipment purchases for the departments. A new Animal Care facility was built to support the provision of the T Level in that subject area which was opened in September 2024.

### **Taxation**

The College believe that it is not liable for any Corporation Tax arising out of its activities this year.

### **Employment of People with Disabilities**

The College continues to be registered as a 'Disability Confident Scheme' employer and this is achieved by the College demonstrating that it is a proactive employer when seeking to employ people with disabilities.



The College actively invites applications for employment from people with disabilities as a routine element of its recruitment and selection procedures; and people who declare a disability and meet the essential criteria for a job role are shortlisted.

The College also actively encourages existing staff to declare a disability, so that appropriate support and reasonable adjustments can be made. In addition, where an existing employee develops a disability, reasonable adjustments, as far as practical, are made to ensure that employment can continue and that these staff are fully supported in their job roles.

The College also supports 'non-visible' disabilities and the College's Wellbeing & Mental Health Strategy and associated action plan strives to facilitate this, with initiatives such as the College becoming a Mindful Employer, which provides the College with easy access to professional workplace mental health training, information and advice; our goal is to help empower organisations – large or small – to take a lead in supporting the mental wellbeing of staff. The College has also signed the AoC Wellbeing & Mental Health charter, supporting all staff with wellbeing and good mental health.

### **Equality, Diversity and Inclusion (EDI)**

Petroc is passionate about the value of people and all that they bring, diversity is welcomed and enriches our organisation.

Petroc is committed to challenging inequality and celebrating diversity to achieve the following vision:

- people achieve their own potential and a good quality of life
- everyone can access our services, facilities or information
- there is customer involvement and influence in decision-making, planning, policy and service delivery
- people have trust and confidence in us to report incidents of abuse or discrimination
- our community, at all levels, is supported and broadly reflects the local diversity

Petroc believes an environment free from discrimination and equality of opportunity are basic rights. The College has a zero tolerance approach to any form of discrimination.

The College has signed a LGBTQ (lesbian, gay, bisexual, transgender and questioning) Pledge. We know that it can be difficult to fully be yourself at work, at home, or in your local community. If we want to live in a world where people are accepted without exception, we all need to be part of the solution, that's why Petroc has decided to sign a pledge to support LGBTQ people. We want Petroc to be a safe place to be 'out' at work.

The College's Additional Learning Support Policy outlines the type of learning support that a learner can expect and how they should apply for support.

The College and its staff maintain the confidentiality and integrity of all information about individuals by complying with requirements set out in the General Data Protection Regulations 2018, the Special Educational Needs and Disabilities Regulations 2014, the Special Educational Needs and Disabilities Code of Practice, the Children and Families Act 2014 and the Equality Act 2010.

### **Performance Indicators**

OFSTED inspected the College in March 2012 and we were judged to have 'Outstanding' features and to be 'Good' overall. The College continued to be judged as 'Good' overall following a short inspection in November 2015; and again, in November 2019. The College is being reinspected with a full inspection in October 2024.

The Board approved thirteen "tier 1" Key Performance Indicators for the College to achieve by 2025 and started work on the lower level indicators to support them.

Key Performance Targets:

- To be ranked in the top 25 General FE Colleges in England in a weighted composite ranking of FE and HE educational performance
- To have one of the 25 smallest gaps between the progress rates of disadvantaged learners and those of college learners as a whole of all General FE Colleges in England
- To be ranked in the top 25 General FE Colleges in England for successful destinations in a weighted composite ranking of FE and HE destinations
- The number of Personal Development Awards achieved by 16-19 learners grows to 7500 per annum
- The number of enterprises created increases to 150 per annum
- The number of organisations that have improved their productivity or business innovation exceeds 500 per annum
- A Strategic and operational contribution is recognised by the Board as having been made in each year of the Strategy
- The number of staff and learners engaged in supporting community organisations increases by 30% over a baseline established by survey in 2020/21
- The College reduces its production of CO2 equivalent by 420 metric tonnes of Carbon Dioxide
- To establish the UN Sustainable Development Goals into the curriculum of every learner's study programme
- Cash days remain above 60
- To achieve a positive reporting rate of 92% equivalent to the top 10% of performers in externally benchmarked College staff engagement survey
- The proportion of learners and employers reporting positive satisfaction with the College is 90% or above

These remain the key performance targets (KPT) for the College. Progress towards meeting each of the KPTs is monitored throughout the year and reported to Audit Committee and Full Governing Board on a termly basis.

The reporting on some of the KPTs, notably those related to achievement (ranking in the top 25 providers), has been hampered over the past three years as the data required to enable ranking was not published by the government. This was as a direct result of the impact of COVID19 on the exams procedure which led to the government choosing to refrain from publishing provider-level achievement data, specifically the National Achievement Rates Tables (NARTS). In March 2023, however, Qualification Achievement Rates data was published at a provider level, and this enabled some comparison/ranking to be made against other colleges.

Similar accessibility issues have been experienced with data from the Teaching Excellence Framework (TEF), specifically continuation, progression, learner experience data, and the School Performance Tables (Progress and Destinations Data), where provider-level data was not published in the first two years. The TEF data, however, has been made available from 2022/23, although in a different format, and Progress data will be available from the School Performance Tables from 2023/24 onwards.

College closure, due to COVID, also impacted on the progress of a number of other KPTs in the first two years, notably the ability to support new business creation, and support community organisations. These saw improvements in year three when COVID restrictions were no longer in place, however, the College's carbon footprint rose significantly as learners and staff returned to campus.

The College moved away from using The Planet Mark as a measure for CO2 Equivalent reduction in 2023 meaning the measure for this KPI can no longer be taken. However, the implementation of the Salix Project is expected to bring the required reduction to meet the KPT.

The KPTs have been reported on each term for the past three years and have been RAG rated for Audit Committee and the Full Governing Board to indicate the likelihood of achieving the target.

Those that appear to be falling short of the intended target will be discussed by the Executive in November, where plans will be outlined in order to make positive progress going forward.

- The College is in the final year of reporting on this set of KPIs. New indicators and targets will be created alongside the new College strategy for use in the next academic year and the duration of the new strategy.

### **Value for Money**

The College delivers value for money through its Procurement Strategy, managed by a qualified procurement professional. Orders and Invoices are reviewed by qualified finance professionals within the Finance Team.

### **Student Numbers**

We continue to be the primary provider of 16-19 education in Northern Devon. Overall, 16-19 learner responsive recruitment was marginally above area demographics despite increasing competition in the West and South from other providers as well as from the two Northern Devon 11-18 Secondary schools.

### **Curriculum Developments**

During 2023/24 the College underwent a further restructure into 2 primary curriculum areas with an Assistant Principal responsible for each area.

The areas were defined as:

- Vocational and Technical Studies.
- Foundation, Academic and Higher Studies.

In January 2023 some minor changes were approved by the Board to the Curriculum Strategy. The strategy set out the aims and objectives for the curriculum and pedagogy in order to achieve the goals of the College strategy. It explained the operating context and the rationale for change, the aims to pursue and the objectives to implement. It considered the risks associated with the pursuit of the strategy that must be managed and documents the way that its implementation will be monitored. Finally, it described the learner experience of four different learner personas: a 16-19 learner, an adult learner, an employee learner and an HE learner, and the core elements of the experience for each of those learner types.

Through clearly stating the curriculum that the College will create, the curriculum strategy, together with the Petroc 2025 strategy, functions as a strategic reference point to direct the curriculum and pedagogic design, approval, and refresh over the coming years, and to inform the College estates, people and digital strategies that will deliver changes which will support the character of educational provision set out in the document. A three-year curriculum plan was approved in January 2024 and a revised Curriculum Strategy is due to be approved by the Board in late 2024.

The faculties offer programmes from Level 1 to Level 6 at Barnstaple and Tiverton (Brannams closed as a delivery location from 1 August 2023) as well as online. They continued to seek to develop a broad, responsive curriculum to suit the needs of our local community and a variety of stakeholder groups. This meant in 2023/24 we supported some 4,200 learners; this comprised 16-18 year old students, adults on vocational programmes, young and adult apprentices (including at Degree Level) and Higher Education students on full and part-time programmes. We also delivered a number of bespoke full cost programmes aimed specifically at satisfying the requirements of local businesses.

The curriculum range meant it was possible for a learner to enrol on an Entry Level or Level 1 programme and ultimately achieve a full honours degree. The College is particularly proud of the number of learners who have achieved a BA or BSc qualification who initially enrolled upon a Level 2 or Level 3 qualification.

The College continues to place a strong emphasis on working with local business and civic bodies to raise the profile of Petroc and to support social mobility within our communities. The past 12 months has again seen a series of activities aimed at raising the profile of Apprenticeships and giving local employers access to potential Apprentices and other skilled individuals, including T level industrial placements.

The College has developed and maintained a number of programmes in partnership with local employers, such as Eaton Aerospace, Accord, North Devon Hospital Trust, Torridge District Council, James Electrics and others which has ensured curriculum design is based upon actual business need, these programmes have proved sustainable recruiting students year on year.

In 2023/24 the College continued to offer 23 separate A Levels and a Level 3 Vocational Science programme alongside a range of Access to HE and HE programmes.

Almost all our HE curriculum is delivered in partnership with the University of Plymouth. The College offered in excess of 20 foundation degree programmes and 5 BA. honours courses. These programmes offer our local community the opportunity to study for a higher education qualification whilst residing in North and Mid Devon. All our programmes have direct progression onto University of Plymouth programmes at undergraduate and post-graduate levels. In addition to levels 4, 5, and 6 we also offer a range of Access to Higher Education programmes, these full and part-time programmes enable some 100 adults every year the opportunity to progress onto degree level study in Science, Social Science, Humanities and Nursing.

As a college we continued to strive towards outstanding outcomes for our staff, students & employers. Progression both internally and externally remains very strong, with outstanding partnerships providing students with exciting, local opportunities to upskill in their chosen sector. Work with North Devon District Hospital and the Royal Devon and Exeter Hospital provide a range of solutions to enable workforce development & recruitment, from Project Search to Nursing Assistant Practitioners.

### **Future Prospects**

The College aims to increase its base number of students in funded learning with growth projected again in the 16-18 market despite it being competitive in the west and south of our area.

The College is clear that it will be able to continue in operation and meet its liabilities taking account of the current position and principal risks for the duration of the strategic plan and beyond.

### **Going Concern**

Financial Health (as measured by the ESFA) is "Requires Improvement" reflective of recent challenges within the FE sector. Bank Covenants were not breached.

Going forward the College will continue to operate prudently to ensure its cash position is not jeopardised and has a strong history of cost-control. Learner Number Growth will be key to ensuring the College can invest in facilities, but the College will ensure that invest to grow plans are carefully evaluated before they are implemented.

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

### **Resources**

The College has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the main College site at Old Sticklepath Hill and the Tiverton campus.

The College has £12.8m of net assets (including £247k pension liability) and long term debt of £2.4m. The College employs 440 people (expressed as average full-time equivalents), of whom 185 (expressed as average full-time equivalents) are teaching staff.

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

### **Student Pass/Achievements**

Higher Education showed some excellent results, with 50% of all Honours degrees awarded at 1st or Upper 2nd class and 12.5% of Foundation Degrees awarded at Distinction.

T-Levels had a 93.7% pass rate (against a National Average of 90.5%); and 23% Distinctions.

A-Levels had an A\*-E pass rate above the National Average for the first time since 2019; with a 100% pass rate for 7 out of 20 subjects.

Level 3 Vocational courses had a Pass rate of 87.6% for 2023/24 against a 2022/23 pass rate of 94.7%.

Level 1 & 2 Vocational courses had some excellent achievement rates in a number of areas.

There remain however, some areas of weakness and there is a great deal to do to ensure consistent high-quality provision and outcomes in 2023/24.

### **Quality of Education / Teaching and Learning**

The College, through its self-assessment and quality improvement process (QIP), continues to set improvement targets in relation to retention and achievement; the aim is to secure outstanding results and ensure learners who attend Petroc reach their potential in all subjects across all areas. Underperformance is being addressed at whole-college and curriculum area level, where tailored improvement strategies are being implemented on a team and/or individual basis, as appropriate, in response to specific issues of underperformance.

#### **Whole-college level:**

- A Professional Learning cycle, with a focus on dual professionalism – i.e. subject updating and pedagogical updating
- Learner Success Standards, a framework for providing consistent support for learners' achievement and to close the disadvantage gap.
- Revised lesson observation approach, including peer observation to support professional learning
- Strengthened approach to employer engagement to support 'sightlines to careers' strategy to improve development of learners' employability
- College QIP formalises and monitors the implementation and impact of whole-college strategies

#### **Curriculum area level:**

- Programme Annual Reviews (PARs) identify areas for improvement and Programme QIPs identify team-specific actions for improvement
- Progress towards intended outcomes identified in Programme QIPs monitored through Performance & Improvement Reviews
- Deep dives in areas of underperformance to ensure effective and consistent improvement strategies are applied
- Professional Learning Plans for individual development linked to improvement agenda within curriculum teams and overseen by Faculty Managers and Directors
- Lesson observation links to Performance Development Reviews; and
- Introduction of peer-based lesson observation model for sharing of best practice

### Staff and Student Involvement

The College supports an active Student Union and maintains communication with students via the student newsletter Learner Voice Forums, and various events including theme weeks. The Student Union have been supported in gathering a wide range of opinions from the wider student body, which helps us to stay informed on current issues and take steps to improve the overall learner experience.

The College promotes student participation through surveys, by holding termly Learner Voice and Feedback sessions within Personal Development, weekly pop ups and student forums with members of the College Leadership Team in the Autumn and Spring Term. These all provide an opportunity for our learners to make suggestions, share ideas, feedback on issues raised and be aware of actions planned and improvements made.

Our monthly student newsletter, 'The Vision', provides all learners with updates, information and enrichment opportunities to support engagement within our College community. The Vision includes student written features and supports our Learner Voice. The Petroc Student Union continues to provide financial assistance to learners in receipt of the bursary, where there is an additional need for support.

The College effectively uses 16-18 bursary funds, Learner Support and Free College Meals funds (including again for 2023/24 during the academic breaks) to alleviate the financial burden on learners as much as possible, including support for travelling from remote geographical areas outside bus routes, within government guidelines. Petroc has specialist Supported Learning provision within both North and Mid Devon campuses, and aims to promote skills which will lead students into developing employability skills through working in the Liberty Cafe in North Devon and The Exe Cafe in Mid Devon, and progress into supported employment.

The College maintains effective communications via face to face and digital solutions, 1:1s between staff and their line managers, all staff meetings, team meetings, recorded video blogs, a Staff Forum, the Equality, Diversity and Inclusion committee, Safeguarding committee, the management meeting structures, specialist events/conferences, staff development days and training sessions, and various research initiatives. In addition, "In The Know", a weekly online staff magazine, is a key means for communicating what is happening across the College that staff are invited to contribute to and the College has an e-Message of the Day alert for staff to important activities to note.

The College is keen to celebrate learner and staff success and seizes every opportunity to share such good news across the community. In addition, celebration events, for both students and staff, are held annually.

Petroc is proud to be a member or partner of, and achieved kite marks with the following organisations



### Trade Union Facility Time

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

Numbers of employees who were relevant period	FTE employee number
3	2.84

Percentage of time	Number of employees
0%	
1-50%	3
51-99%	
100%	
Total cost of facility time	£20,581
=Total pay bill	£16,865,218
Percentage of total bill spent on facility time	0.12%

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

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2023 to 31 July 2024, the College paid 79% of its invoices within 30 days (year ended 31 July 2023 – 85%). Every effort is being made to seek improvement in this area. The College incurred no interest charges in respect of late payment for this period.

### Events

For the 2023/24 academic year, we secured a new Petroc Go contract through the Turing scheme which had a total value of £311,813. This contract allowed us to send 106 students and 23 accompanying adults across 8 trips to countries both inside and outside of Europe.

### Projects

The College delivered 18 projects in 2023/24 with a total value of over £7m and an in-year value of over £2.5m.

Notable successes during the 2023/24 academic year include securing significant revenue and capital funding through the Local Skills Improvement Fund, securing further Skills Bootcamp funding to continue and build on the success of the previous contract and being awarded a Turing contract for the second year in a row worth £284,772 which will allow us to send 127 students and 25 accompanying adults on 7 trips across 6 destinations.

For the 2023/24 academic year, we secured a new Petroc Go contract through the Turing scheme which had a total value of £311,813. This contract allowed us to send 106 students and 23 accompanying adults across 8 trips to countries both inside and outside of Europe. From this activity, we also secured a contract through the Going Global British Council fund to further develop links with our Moroccan partner, around renewable energy. This project allowed us to host a number of delegates from Morocco in the Summer with a reciprocal visit planned for later in 2024.

The Next Steps South West contract was extended again for a further 12 months, albeit with a reduced funding envelope meaning a reduction in staffing resource from 2 FTE to 1.4 FTE. However, we were able to combine this funding with our NCS Open to All contract to ensure that the existing and experienced staff on the NSSW contract could both be kept on. This has ensured continuity of support around promoting the higher education opportunities across Northern and Mid Devon as well as creating synergy between these two closely aligned funding streams. We were able to utilise a portion of the NCS Targeted contract during 23/24 to deliver 83 experiences within our Progressive Studies Faculty. This activity included linking into the work being undertaken with a group of Afghan refugees, enhanced support around active citizenship and culminated in a trip to London to understand more about the political system in the UK including a visit to where the Magna Carta was signed.

10 projects completed during the 23/24 academic year including all of the remaining European Social Fund activity. Whilst not all of the projects achieved their overall KPIs, we did see many individual success stories of those participants who benefited from the projects.

In regard to Empowering Enterprise, receipts totalling £3,892,531 have been received up to 31 July 2024 and the project has now ended.

The College has continued to work closely with the Education and Training Foundation to deliver on the Centres for Professional Excellence across two T-Level routes and has completed the development work for a further CPTe which will begin delivery in 24/25. This means that for the upcoming two academic years, we will have delivery contracts in place for all three routes.

In terms of support for business, the outreach programme associated with the Cotie Business Innovation Hub in Tiverton has been fully launched and has delivered a range of business focussed workshops and training sessions. We are now delivering 12 different Skills Bootcamps across a range of sectors from hospitality to construction and manufacturing skills to health and social care. We have Skills Bootcamps focused on supporting local employers fill their vacancies and we have strong links with the local job centres to promote these. We also have a number of Skills Bootcamps which are aimed at upskilling individuals already within the key sectors such as Electric Vehicle maintenance, Heritage Construction and Sustainable Methods of Construction.

### **New Bids Secured 2023/24**

<b>Funding Stream</b>	<b>Bid Title</b>
DfE/DCC Multiply Year 2	Numeracy Café
British Council International Skills Partnerships	Employer engagement with TVET in the green skills economy in South Africa
DESNZ Home Decarbonisation Skills Training Competition Phase 2	Home Decarbonisation Skills Training Competition Phase 2
DfE Local Skills Improvement Fund	Local Skills Improvement Fund
DfE/DCC Skills Bootcamps	Skills Bootcamps Wave 4 Contract Renewal
British Council Going Global Partnerships	International Skills Partnership with training institutes for renewable energy in Morocco
HotSW LEP Local Growth Fund	Further Education Digital Action
DfE/DCC Train4Tomorrow (Skills Bootcamps Wave 5)	Skills Bootcamps Wave 5

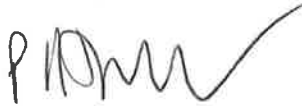


NCETM Post-16 GCSE/FSQ Mastery Specialist Programme 2024/25 Cohort 2	Post-16 GCSE/FSQ Mastery Specialist Programme 2024/25 Cohort 2
Davie Barnstaple Trust	Potheridge Trips
DfE Turing Scheme 24/25	Petroc Go IX
DfE Multiply Research Trials	Preparation for Maths GCSE RCT (Control Group)
DfE Multiply Research Trials	Contextualised Curriculum for Functional Skills
DLUHC/MDDC UK Shared Prosperity Fund/Rural England Prosperity Fund	Tiverton Business Innovation Hub - Year 3
DLUHC/MDDC UK Shared Prosperity Fund	Outreach & Knowledge Transfer Programme - Year 3

**Current Projects Live 2023/24**

<b>Funding Stream</b>	<b>Project</b>
OfS	Next Steps South West
Direct ESF	Experience Works Big Benefits for Small Businesses SMART SKILLS Health and Social Care Skills Accelerator Programme
Other Grants	Centre for Professional Technical Education - Business Administration, Health & Science & Sales, Marketing & Procurement National Citizen Service Community Experience – Targeted National Citizen Service Community Experience – Open to All Apprenticeship Workforce Development Going Global Morocco
Local Authority Projects	Multiply - Breaking the Cycle Multiply - Numeracy Café Cotie Business Innovation Hub Tiverton Skills Bootcamp Wave 4
ESFA Other	Local Skills Improvement Fund Academic Progression Pathway Pilot Higher Technical Education Skills Injection Fund Petroc Go VIII

Approved by order of the Corporation on 3 December 2024 and signed on its behalf by:



Pat Denham Co-Chair of Governors

## Statement of Corporate Governance and Internal Control

The College is committed to using the Board Leadership and Company Purpose Principles set out in the UK Corporate Governance Code 2024 and summarises here the manner in which the College takes the guidance and applies it to its practice.

In the opinion of the Governing Body, the College complies with all the provisions of the Code as set out below:

### Provisions

1. The board should assess the basis on which the company generates and preserves value over the long-term. It should describe in the annual report how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the company's business model and how its governance contributes to the delivery of its strategy.
2. The board should assess and monitor culture and how the desired culture has been embedded. Where it is not satisfied that policy, practices or behaviour throughout the business are aligned with the company's purpose, values and strategy, it should seek assurance that management has taken corrective action. The annual report should explain the board's activities and any action taken. In addition, it should include an explanation of the company's approach to investing in and rewarding its workforce.
3. In addition to formal general meetings, the chair should seek regular engagement with major shareholders in order to understand their views on governance and performance against the strategy. Committee chairs should seek engagement with shareholders on significant matters FRC | UK Corporate Governance Code 2024 6 related to their areas of responsibility. The chair should ensure that the board has a clear understanding of the views of shareholders.
4. When 20 per cent or more of votes have been cast against the board recommendation for a resolution, the company should explain, when announcing voting results, what actions it intends to take to consult shareholders in order to understand the reasons behind the result. An update on the views received from shareholders and actions taken should be published no later than six months after the shareholder meeting<sup>1</sup>. The board should then provide a final summary in the annual report and, if applicable, in the explanatory notes to resolutions at the next shareholder meeting, on what impact the feedback has had on the decisions the board has taken and any actions or resolutions now proposed
5. The board should understand the views of the company's other key stakeholders and describe in the annual report how these and the matters set out in section 172 of the Companies Act 2006 have been considered in board discussions and decision-making. The board should keep engagement mechanisms under review so that they remain effective.

For engagement with the workforce, one or a combination of the following methods should be used:

- a director appointed from the workforce;
- a formal workforce advisory panel; or
- a designated non-executive director.

If the board has not chosen one or more of these methods, it should explain what alternative arrangements are in place and why it considers that they are effective.

6. There should be a means for the workforce to raise concerns in confidence and – if they wish – anonymously. The board should routinely review these arrangements and the reports arising from their operation. It should ensure that arrangements are in place for the proportionate and independent investigation of such matters and for follow-up action.

7. The board should take action to identify and manage conflicts of interest, including those resulting from significant shareholdings, and ensure that the influence of third parties does not compromise or override independent judgement.

8. Where directors have concerns about the operation of the board or the management of the company that cannot be resolved, their concerns should be recorded in the board minutes. On resignation, a non-executive director should provide a written statement to the chair, for circulation to the board, if they have any such concerns.

As it applies to the Further Education Sector the Board feels it has complied throughout the year ended 31 July 2024 and up to and including the date of approval of the financial statements.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to always observe the highest standards of corporate governance. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges which it formally adopted in July 2015 and all subsequent updates to date. It is noted that the new Code of Good Governance was issued in September 2023 and the College will formally adopt the new code for the full 2024/25 academic year, including a full mapping exercise against the new principles to ensure full compliance and best practice.

The College is an exempt charity within the meaning of part 3 of the Charities Act 2011, with any due notice paid by subsequent updates in 2016 and 2022. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm they have due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

#### The Corporation

The members (Governors) who served on the Corporation during the year and up to the date of signature were as listed in Table 1.

Table 1: Governors serving on the College Board during 2023/24:

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Full Governing Body	Search and Governance	People and Remuneration Committee	Audit Committee	Curriculum and Quality	Finance and General Purposes	Attendance
Melinda Stacey	01/08/2016 Re-appt 07/10/2019  01/08/23 - Became Chair	3 yr  4yr  4yr		External	5/5	3/3	2/2	X	2/3	2/3	87.5%
Patricia Denham	01/10/2021	4yr		External	3/5	2/3	2/2	X	3/3	X	76.9%
Richard Bevan	01/10/2021	4yr		External	5/5	X	2/2	X	X	3/3	100%
Iain Springate	01/04/2017 Re-appt  01/04/2018  01/04/2021  01/04/2022	1yr  3yr  1yr  3yr		External	5/5	X	X	3/3	X	X	100%
Andrew Champion	01/01/2019 Agreed sabbatical Jan-March 2023.  01/04/23	4 yr    4yr		External	3/5	2/3	X	3/3	X	X	72.7%
Katerina Kolyva	01/10/2021	4yr		External	1/5	X	X	X	3/3	X	50%
Stephen Wells	01/10/2022	4yr		External	2/5	X	X	X	X	2/3	50%

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Hermione Williams-Copp	01/10/2023	4yr		External	4/5	X	X	X	X	3/3	87.5%
Neil Sherman	01/10/2023	4yr		External	4/5	X	X	3/3	X	X	88%
Dawn Stubbs	10/10/2022	4yr		External	5/5	X	2/2	X	3/3	X	100%
Gaynor Castle	01/04/2024	4yr		External	2/2	X	X	X	X	1/1	100%
James Wright	01/04/2024	4yr		External	2/2	X	X	0/1	X	X	66.6%
Martin McNeill	01/04/2024	4yr		External	2/2	X	X	1/1	X	X	100%
Julie McLeod	01/04/2024	4yr		External	2/2	X	X	X	1/1	X	100%
Jon Price	01/09/2022	4yr		Staff	4/5	X	X	X	2/3	X	75%
Val Parson	01/06/2023	4yr		Staff	2/4	X	X	X	X	1/2	50%
Keira Keen	01/10/2023	1 yr	31/07/24	Student	2/5	X	X	X	1/3	X	37.5%
Lewis Wilcocks	01/10/2023	1yr	31/07/24	Student	3/5	X	X	X	X	1/3	50%
Rob Nicholls	01/04/2020	1yr	31/03/24	External	1/3	0/2	X	1/2	X	X	29%
	01/04/2021	1yr									
	01/04/2022	2yr									
Deborah Watson	01/04/2020	1yr	31/03/24	External	1/5	X	2/2	X	2/2	X	55.5%
	01/04/2021	1yr									
	01/04/2022	2yr									

## Audit Committee Meetings 2023/24

	Iain Springate	Andy Champion	Rob Nicholls	Martin McNeill	James Wright	Neil Sherman	Mark Tibbert (Co-Opted)
28/11/2023	x	x	O	N/A	N/A	X	o
21/03/2024	x	x	X	N/A	N/A	X	x
18/06/2024	x	x	N/A	x	o	X	x

The Instrument and Articles of Government permit the appointment of no less than 11 governors "who appear to the Corporation to have the necessary skills to ensure that the Corporation carries out its functions under article 3 of the Articles of Government". For ease of reference, these are designated as "External" members in the list above.

The Board began the year with 12 external governors, had 2 resign at the end of their first term in March and appointed 4 more in April, ending the year with 14 external governors. There were 2 staff governors, 2 student governors making a total of 18 governors and there was one co-optee in the Audit Committee. made up. It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources, and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation usually meets four times a year. In 2023/24 it met 5 times and in 2022/23 it met 4 occasions.

Full Board meetings are held in person and committee meetings are held virtually. Where an extraordinary Board meeting must be called it can be virtual to allow maximum attendance.

The Corporation had 5 formal committees running last year, each of which had terms of reference, which have been approved by the Corporation. The committees were Audit, People and Remuneration, Search & Governance, Curriculum and Quality and Finance and General Purposes. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Director of Governance and Director of Executive Operations.

Petroc  
Old Sticklepath Hill  
Barnstaple  
Devon  
EX31 2BQ

Once approved, Full Board, Audit Committee, Finance and General Purposes Committee and Curriculum and Quality Committee minutes are also available on the College website [www.petroc.ac.uk](http://www.petroc.ac.uk).

The Director of Governance and Executive Operations maintains a register of interests of the Governors. The register is available for inspection at the above address.

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

the Corporation as a whole. The Board also maintains an account with Eversheds allowing them to seek independent legal and statutory advice.

Formal agendas, minutes, papers and reports are supplied to Corporation members in a timely manner, aiming at a minimum of 7 days in advance of the linked meetings and can also be provided on an ad-hoc basis where needed.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair of the Corporation and the Principal and Chief Executive of the College are separate.

The Corporation undertakes a self-review of effectiveness on an annual basis which for this period took place in October 2024. The board further undertook its formal External Review with Goevrnance4FE which completed with a presentation to the Board in July 2024. From this a statement will be made on the College website once approved by the Board as well as creating a clear action plan with deadlines and monitoring mechanisms which will be overseen by the Board.

Training and development of the Corporation is undertaken through mandatory modules across a range of subjects provided by the College. In addition to this the Education Training Foundation has an online governor programme which is available to Governors although it is noted that there are reporting issues that are occurring. A refresh of the training modules occurred in October 2024 at the Governors Strategy Day. Ofsted preparedness training has also been included this year.

The Director of Governance and Executive Operations has undertaken online Association of Colleges (AOC), is a member of and has attended the Southwest Governance Professional Network meetings including an in person day event in collaboration with the AOC leads, is a member of the South West Clerks Network, completed the Governance Professionals Leadership Programme with the Education Training Foundation and has been awarded the Level 3 Certificate in Development for School and Trust Governance Professionals with the National Governance Association. They have also been awarded Level 5 Governance award with the ETF and has undertaken a Data Protection Officer programme with the Knowledge Academy.

### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee, which comprises a minimum of three to a maximum of 5 members which is responsible for the selection and nomination of external members for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office normally four years with an annual review process each year.

### **The People and Remuneration Committee**

The Committee comprises a minimum of three to a maximum of 5 members and during 2022/23 there were 4 external members of the Corporation. The committee's responsibilities are to review and make decisions on the remuneration and benefits of senior post holders (the Principal and CEO, Deputy Principal and Vice Principals during 2023/24) and the Director of Governance. Details of remuneration for the year ended 31 July 2024 are set out in note 5 to the financial statements. The committee also oversees items relation to the staff within the College.

### **Audit Committee**

The Audit Committee comprises a minimum of three to a maximum of five external members of the Corporation (excluding the Principal and Chief Executive and Chair). In 2023/24 there were 4 members across the year due to some stepping down and new members being appointed from a targeted recruitment of governors with finance and or audit experience. The committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's Internal and Financial Statements Auditors (including their work on regularity) who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the Funding Bodies as they affect the College's business. The Audit Committee open each meeting without the presence of the Executive to allow for independent discussion.

The College's Internal Auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations, and Internal Audit undertakes periodic follow up reviews to ensure that such recommendations have been implemented.

The Audit Committee also advise the Corporation on the appointment of Internal and Financial Statements Auditors and their remuneration for both audit and non-audit work.

### **Curriculum and Quality Committee**

The Curriculum and Quality Committee comprises a minimum of three to a maximum of five external members of the Corporation. In 2023/24 there were 5 external members. 1 staff governor and 1 student governor. The committee's responsibilities are to focus on, and scrutinise curriculum strategy and performance, including the quality of teaching and learning. This forum provides an opportunity for Governors to become more closely involved in the development of the College's curriculum and the College's pursuit of high standards in all aspects of its work.

### **Finance and General Purposes Committee**

The Finance and General Purposes Committee comprises a minimum of three to a maximum of five external members of the Corporation. In 2022/23 there were 5 members, 1 staff governor and 1 student governor. The committee's responsibilities are to focus on, and scrutinise the College's Financial and People Strategies. Areas contributing to the production and monitoring of Financial Regulations and Human Resources Policies and Procedures of the College will be considered by this Committee.

### **Internal Control**

#### *Scope of responsibility*

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

The Corporation has delegated to the Principal and Chief Executive, as Accounting Officer, the day-to-day responsibility for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to the Principal and Chief Executive in the accountability agreement, funding agreements and contracts with the College and the ESFA and DfE. The Principal and 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 College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Petroc for the year ended 31 July 2024 and up to and including the date of approval of the financial statements.



#### *Capacity to handle risk*

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2024 and up to the date of approval of the financial statements. This process is regularly reviewed by the Corporation.

#### *The risk and control framework*

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

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

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

#### *Review of effectiveness*

As Accounting Officer, the Principal and Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. The Principal and Chief Executive's review of the effectiveness of the system of internal control is informed by:

- the work of the Internal Auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's Financial Statements and Regularity Auditors in their management letters and other reports.

The Principal and Chief Executive has been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the Internal Auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Executive Team receives reports setting out key performance and risk indicators and considers possible control issues brought to its attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The appropriate managers and the Audit Committee also receive regular reports from Internal Audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the College management and the Audit Committee, which also reviews the Strategic Risk Management and Board Assurance Plan at each of its termly meetings. The Board Assurance Framework adopted, which complements the College's existing risk management procedures, enables the Committee to assess what controls are in place, how these controls are monitored and whether they are sufficient to support the Board's and Accounting Officer's roles and responsibilities in providing the

assurances required to be given. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Specific attention has been paid to the reclassification of colleges to the Public Sector through amendments to the Instruments and Articles of Board and related changes to Terms of Reference on relevant committees which assess such matters. This includes the oversight of the newly established systems and processes as well as updated and new policies and approvals designed to identify and handle any transactions for which Department for Education approval is now required.

Briefings in such matters have been supplied to the Board in papers and through discussion about the impact of the reclassification and what changes that has made or may make to the business of the College.

At its December 2024 meeting the Corporation carried out the annual assessment for the year ended 31 July 2024 by considering the Annual Report of the Internal Auditors, the Annual Report of the Audit Committee (including the Risk Management Report), the Board Assurance Framework and the Financial Audit Summary, and taking account of events since July 2024. Following consideration, the Board is of the opinion that it has adequate assurance of governance, risk management and control processes to manage the achievement of its statutory responsibilities for the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets.


**Statement of regularity, propriety and compliance**

As accounting officer I confirm that the corporation has had due regard to the framework of authorities governing regularity, propriety and compliance, and the requirements of the College's accountability agreement, funding agreements and contracts with ESFA and DfE, 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 college's accountability agreement, funding agreements and contracts with ESFA and DfE, 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 non-compliance, or non-compliance with the framework of authorities have been discovered to date. If any instances are identified after the date of this statement, these will be notified to ESFA.

Kurt Hintz, Principal and Chief Executive



**Statement of the chair of governors**

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



Pat Denham, Co-Chair of Governors

3 December 2024

## **Statement of Responsibilities of the Members of the Corporation for the year ended 31 July 2024**

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

Within the terms and conditions of the College's accountability agreement, funding agreements and contracts agreed with the Education Skills Funding Agency (ESFA) and the Department for Education (DfE) and the Corporation of the College, the Corporation, through its Principal and Chief Executive, is required to prepare financial statements for each financial year, in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, the Accounts Direction issued by the ESFA and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements the Corporation is required to:

- Select suitable accounting policies and then 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 a going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Corporation is also required to prepare a report to the members which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It has general responsibility for taking such steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

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

### **Disclosure of Information to Auditors**

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the ESFA, DfE are used only in accordance with the accountability agreement, funding agreement and contracts with the ESFA, DfE and any other conditions that the ESFA, DfE may from time to time prescribe, 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 in order to safeguard public and other funds and to ensure that they

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are used properly. In addition, members of the Corporation are responsible for securing the economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the ESFA, DfE are not put at risk.

Approved by order of the members of the Corporation on 3 December 2024 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'P. Denham', with a long, sweeping flourish extending upwards and to the right.

Pat Denham, Co-Chair of Governors

3 December 2024

## **Independent auditor's report to the members of Petroc**

### **Opinion**

We have audited the financial statements of Petroc College (the 'College') and its subsidiary (collectively the 'Group') for the year ended 31 July 2024 which comprise the Group and College Statement of Comprehensive Income and Expenditure, the Group and College Statement of Changes in Reserves, the Group and College Balance Sheet, the Group Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and College's affairs as at 31 July 2024 and of the Group's and College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's 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 Members of the Corporation 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 Corporation is responsible for the other information contained within the annual report. 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 there is a material misstatement in the financial statements. 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**

In light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the Members of the Corporation, statement of corporate governance and internal control and Statement of Responsibilities of the Members of the corporation.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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.

### **Responsibilities of Corporation**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 27, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the Group's and College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the Group or the College or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the Group and the College and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: compliance with the ESFA funding agreements, the OfS regulatory framework, the OFSTED regulatory framework, safeguarding, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, HM Treasury's "Managing public money".

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Group and the College is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and the College which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation.

In addition, we evaluated the Members of the Corporation and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the cutoff assertion), defined benefit pension schemes and once-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Members of the Corporation and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Other required reporting**

### **Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992**

In our opinion, in all material respects:

- funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions attached to them; and
- the requirements of OfS's accounts direction have been met.

**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 OfS Audit Code of Practice requires us to report to you if, in our opinion:

- the provider's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated; or
- the provider's expenditure on access and participation activities, as disclosed in the financial statements, has been materially misstated.

**Use of the audit report**

This report is made solely to the Corporation as a body in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation 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 Group and the College and the Corporation as a body for our audit work, for this report, or for the opinions we have formed.

*Forvis Mazars LLP*  
Forvis Mazars LLP (Dec 12, 2024 11:34 GMT)

Forvis Mazars LLP  
Chartered Accountants and Statutory Auditor  
90 Victoria Street, Bristol, BS1 6DP  
Date **Dec 12, 2024**



## Petroc

**Consolidated Statements of Comprehensive Income and Expenditure for the year ended 31 July 2024**

	Notes	Year ended 31 July 2024		Year ended 31 July 2023	
		Group £'000	College £'000	Group £'000	College £'000
<b>INCOME</b>					
Funding body grants	2	20,083	20,083	18,970	18,970
Tuition fees and education contracts	3	4,674	4,674	4,579	4,579
Other income	4	1,690	1,690	3,457	3,457
Investment income		-	-	-	-
<b>Total income</b>		<b>26,447</b>	<b>26,447</b>	<b>27,006</b>	<b>27,006</b>
<b>EXPENDITURE</b>					
Staff costs	5	17,492	17,492	17,966	17,966
Fundamental restructuring costs		290	290	357	357
Other operating expenses	6	6,171	6,168	7,373	7,373
Depreciation		2,830	2,830	2,828	2,828
Interest and other finance costs	7	151	151	644	644
<b>Total expenditure</b>		<b>26,934</b>	<b>26,931</b>	<b>29,168</b>	<b>29,168</b>
<b>(Deficit) for the year before other gains and losses</b>		<b>(487)</b>	<b>(484)</b>	<b>(2,162)</b>	<b>(2,162)</b>
Unrealised gain in respect of foreign exchange transactions		5	5	25	25
Fair value adjustment – Investment property		(284)	(284)	-	-
Loss on impairment		(427)	(427)	-	-
Loss on disposal of assets		(1,659)	(1,659)	-	-
<b>(Deficit) for the year</b>		<b>(2,852)</b>	<b>(2,849)</b>	<b>(2,137)</b>	<b>(2,137)</b>
Actuarial (loss)/gain in respect of pensions schemes	23	(416)	(416)	14,697	14,697
<b>Total Comprehensive Income for the year</b>		<b>(3,268)</b>	<b>(3,265)</b>	<b>12,560</b>	<b>12,560</b>
<b>(Deficit) for the year attributable to:</b>					
Non-controlling interest		-	-	-	-
Group		<b>(2,852)</b>	<b>(2,849)</b>	<b>(2,137)</b>	<b>(2,137)</b>
<b>Total Comprehensive Income for the year attributable to:</b>					
Non-controlling interest		-	-	-	-
Group		<b>(3,268)</b>	<b>(3,265)</b>	<b>12,560</b>	<b>12,560</b>

All items of income and expenditure relate to continuing activities.

**Consolidated and College Statement of Changes in Reserves**

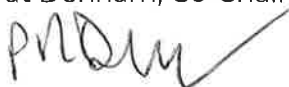
	Income and expenditure account	Revaluation reserve	Restricted reserves	Total
	£'000	£'000	£'000	£'000
<b>Group</b>				
<b>Balance at 1 August 2022</b>	936	2,607	-	3,543
(Deficit) from the income and expenditure account	(2,162)	-	-	(2,162)
Other comprehensive income	14,722	-	-	14,722
Transfers between revaluation and income and expenditure reserves	274	(274)	-	-
	12,834	(274)	-	12,560
<b>Balance at 31 July 2023</b>	13,770	2,333	-	16,103
(Deficit) from the income and expenditure account	(487)	-	-	(487)
Other comprehensive income	(2,781)	-	-	(2,781)
Transfers between revaluation and income and expenditure reserves	274	(274)	-	-
<b>Total comprehensive income</b>	<b>(2,994)</b>	<b>(274)</b>	<b>-</b>	<b>(3,268)</b>
<b>Balance at 31 July 2024</b>	<b>10,776</b>	<b>2,059</b>	<b>-</b>	<b>12,835</b>
<b>College</b>				
<b>Balance at 1 August 2022</b>	936	2,607	-	3,543
(Deficit) from the income and expenditure account	(2,162)	-	-	(2,162)
Other comprehensive income	14,722	-	-	14,722
Transfers between revaluation and income and expenditure reserves	274	(274)	-	-
	12,834	(274)	-	12,560
<b>Balance at 31 July 2023</b>	13,770	2,333	-	16,103
(Deficit) from the income and expenditure account	(484)	-	-	(484)
Other comprehensive income	(2,781)	-	-	(2,781)
Transfers between revaluation and income and expenditure reserves	274	(274)	-	-
<b>Total comprehensive income</b>	<b>(2,991)</b>	<b>(274)</b>	<b>-</b>	<b>(3,265)</b>
<b>Balance at 31 July 2024</b>	<b>10,779</b>	<b>2,059</b>	<b>-</b>	<b>12,838</b>

**Petroc****Balance sheets as at 31 July 2024**

	Notes	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
<b>Non-current assets</b>					
Tangible fixed assets	9	37,013	34,748	37,308	37,308
Intangible assets	10	61	61	90	90
Investments	11	-	6,500	-	-
Investment property	12	750	750	-	-
		<b>37,824</b>	<b>42,059</b>	<b>37,398</b>	<b>37,398</b>
<b>Current assets</b>					
Stocks	13	36	36	32	32
Trade and other receivables	14	3,023	3,023	2,756	2,756
Cash and cash equivalents	19	3,299	3,286	5,374	5,374
		<b>6,358</b>	<b>6,345</b>	<b>8,162</b>	<b>8,162</b>
<b>Creditors – amounts falling due within one year</b>	15	(9,297)	(13,516)	(8,824)	(8,824)
<b>Net current (liabilities)</b>		<b>(2,939)</b>	<b>(7,171)</b>	<b>(662)</b>	<b>(662)</b>
<b>Total assets less current liabilities</b>					
Creditors – amounts falling due after more than one year	16	(21,540)	(21,540)	(20,081)	(20,081)
<b>Provisions</b>					
Defined benefit obligations	18	(247)	(247)	(234)	(234)
Other provisions	18	(263)	(263)	(318)	(318)
<b>Total net assets</b>		<b>12,835</b>	<b>12,838</b>	<b>16,103</b>	<b>16,103</b>
Restricted reserves					
		-	-	-	-
<b>Unrestricted reserves</b>					
Income and expenditure account		10,774	10,777	13,768	13,768
Revaluation reserve		2,061	2,061	2,335	2,335
<b>Total unrestricted reserves</b>		<b>12,835</b>	<b>12,838</b>	<b>16,103</b>	<b>16,103</b>
<b>Total reserves</b>					
		<b>12,835</b>	<b>12,838</b>	<b>16,103</b>	<b>16,103</b>

The financial statements on pages 33 to 65 were approved and authorised for issue by the corporation on 3rd December 2024 and were signed on its behalf on that date by:

Pat Denham, Co-Chair of Governors



Kurt Hintz, Principal and Chief Executive



**Petroc****Consolidated Statement of Cash Flows**

	Notes	2024 £'000	2023 £'000
<b>Cash flow from operating activities</b>			
(Deficit) for the year		(2,852)	(2,137)
<b>Adjustment for non-cash items</b>			
Depreciation		2,830	2,828
Release of capital grants		(1,283)	(1,167)
(Increase)/decrease in stocks		(4)	11
Decrease in debtors		194	933
Increase in creditors		6	553
(Decrease)/increase in provisions		(42)	292
Pensions costs less contributions payable		(387)	1,139
<b>Adjustment for investing or financing activities</b>			
Investment income		-	-
Interest payable		157	171
Taxation paid		-	-
Fair Value adjustment on investment property		284	-
Unrealised gain on foreign currency		(5)	-
Loss on impairment of fixed assets		427	-
Loss on sale of fixed assets		1,659	-
<b>Net cash flow from operating activities</b>		<u>984</u>	<u>2,623</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		3,550	4
Disposal of non-current asset investments		(31)	-
Investment income		-	-
Payments made to acquire fixed assets		(6,159)	(1,230)
		<u>(2,640)</u>	<u>(1,226)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(161)	(173)
Repayments of amounts borrowed		(258)	(250)
		<u>(419)</u>	<u>(423)</u>
<b>(Decrease)/increase in cash and cash equivalents in the year</b>		<u><b>(2,075)</b></u>	<u><b>974</b></u>
Cash and cash equivalents at beginning of the year	19	5,374	4,400
Cash and cash equivalents at end of the year	19	3,299	5,374

The College has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS 102) to not produce a cash flow statement for the College in its separate financial statements.

## **Petroc**

### **Notes to the Accounts**

#### **1. Accounting policies**

##### **Standard Information**

The Corporation was established in the United Kingdom under the Further and Higher Education Act 1992 for the purpose of conducting the activities of a College. In August 2008, North Devon College merged with East Devon College and, with effect from 23 September 2009, the Secretary of State for the Department for Business Innovation and Skills formally approved the change of name of the Corporation and College to Petroc. The College is an Exempt Charity under part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State of Education.

Registered Address:  
Old Sticklepath Hill  
Barnstaple  
Devon  
EX31 2BQ

##### **Statement of accounting policies and estimation techniques**

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

##### **Basis of preparation**

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2023 to 2024*, the *OfS Accounts Direction* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

Following the Office for National Statistics (ONS) reclassification of FE colleges and their subsidiaries on the 29<sup>th</sup> November 2022 to the central government sector, the regulatory framework for colleges has expanded to take into account the financial management requirements of HMT Managing Public Money (MPM). The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

##### **Basis of accounting**

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

##### **Basis of consolidation**

The consolidated financial statements include the College and its subsidiary Petroc Energy Services 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. Under the purchase method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. 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 does not control those activities.

### **Going concern**

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cash flow, liquidity and borrowings are described in the financial statements and accompanying notes.

The College currently has £2.408m of secured loans outstanding with Barclays Bank PLC. The College's forecasts and financial projections indicate that it will be able to operate within the current terms of the loan covenants for the foreseeable future.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its financial statements.

### **Recognition of income**

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102.

Recurrent grant income receivable from the ESFA is recognised in line with the latest estimates of grant receivable for an academic year. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner responsive core funding is not subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from OFS represents the funding allocation 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 College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Income from tuition fees is recognised in the period for which it relates to and includes all fees chargeable to students or their sponsors.

### **Post-retirement benefits**

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme.

### **TPS**

Contributions to the TPS are charged to the income and expenditure so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payrolls. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

**LGPS**

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

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

**Short term Employment benefits**

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

**Termination benefits**

Payments made in accordance with statutory Government regulations, Managing Public Money requirements and in accordance with the policies approved by the Governing Body. All such payments must be authorised by the Principal and Chief Executive, and calculations checked by the Director of Organisational Development.

**Enhanced Pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the 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 and expenditure account in the year that the member of staff retires. In subsequent years, a charge is made to the provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

**Non-Current Assets – Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

*Land and buildings*

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at historic purchase cost less accumulated depreciation. Freehold land is not depreciated. Freehold buildings are depreciated using component account principles, depreciation rates are as follows;

<b>Component Heading</b>	<b>Depreciation Years</b>
Roof Structure	30
Lift	10
Windows & External doors	25
Electrics	20
Mechanical Engineering	20
Other	Equal instalments over their estimated remaining useful life

Leasehold building improvements are depreciated over the life of the lease.

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 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 fixed asset may not be recoverable.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1997, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

#### *Assets under construction*

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

#### *Equipment*

Generally, equipment costing less than £2,000 per individual item is written off to the income and expenditure account in the period of acquisition. Equipment inherited from the local education authority is included in the balance sheet at valuation. All other equipment is stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Equipment is depreciated over its useful economic life as follows:

Fixtures, fittings and general equipment	20% per year on a straight-line basis
Computer equipment	20% per year on a straight-line basis

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred income account within creditors and released to the income and expenditure account over the expected useful economic life of the related equipment. The deferred income is allocated between creditors due within one year and those due after more than one year.

#### **Intangible Fixed Assets**

Combinations that are in substance a gift are accounted for in accordance with FRS 102 Section 19 except that the excess/deficit of the fair value of assets received over the fair value of the liabilities assumed is recognised as a gain/loss in income and expenditure.

Intangible assets are amortised over their useful economic life as follows:

Software	Between 3 and 5 years on a straight-line basis
Other	Between 3 and 5 years on a straight-line basis

Amortisation is included within depreciation on the Statement of Comprehensive Income.

#### **Investments**

Investment property held as non-current assets, are stated at fair value with the valuation obtained from an annual valuation carried out by an independent valuer, with movements recognised in Comprehensive Income. Intercompany equity investments comprise of share capital purchasing between the College and its subsidiary company 'Petroc Energy Services Limited.'

#### **Leased assets**

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



### **Inventories**

Inventories consist of consumables. Inventories are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks. Inventories are measured using the FIFO basis.

### **Maintenance of premises**

The cost of routine corrective maintenance is charged to the income and expenditure account in the year in which it is incurred.

### **Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

### **Taxation**

As an Exempt Charity the College benefits by being broadly exempt from Corporation Tax on income it receives from tuition fees, interest and rents.

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

The College's subsidiary company is subject to corporation tax and VAT in the same way as any commercial organisation.

### **Cash & Cash Equivalents**

Liquid resources include sums on short-term deposits with recognised banks, building societies and government securities.

### **Reserves**

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities. A policy is being developed for 2024/2025.

### **Provisions**

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

### **Agency arrangements**

The College acts as an agent in the collection and payment of Discretionary Learner Support Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in Note 25, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

### **Judgements in applying accounting policies**

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

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

**Other key sources of estimation uncertainty**

- Tangible fixed assets, 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.
- 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 23, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 to value the pensions liability at 31 July 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.

2	Funding body grants	Y/end 31 July		Y/end 31 July	
		2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
	<b>Recurrent grants</b>				
	ESFA – 16-18	13,909	13,909	13,094	13,094
	ESFA – adult education budget	1,335	1,335	1,173	1,173
	ESFA – apprenticeships	2,593	2,593	2,409	2,409
	Office for students	184	184	161	161
	<b>Specific grants</b>				
	European Union co-financed	-	-	258	258
	Teacher pension scheme contribution grant	749	749	635	635
	ESFA - other non-recurrent grants	291	291	246	246
	Releases of government capital grants	1,007	1,007	965	965
	OfS specific grant	15	15	29	29
	<b>Total</b>	<b>20,083</b>	<b>20,083</b>	<b>18,970</b>	<b>18,970</b>
2a	OfS	Y/end 31 July		Y/end 31 July	
		2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
	Grant Income from the OfS	184	184	161	161
	Fee Income for taught awards	1,463	1,463	1,631	1,631
	Fee income from non-qualifying courses	2	2	1	1
	<b>Total</b>	<b>1,649</b>	<b>1,649</b>	<b>1,793</b>	<b>1,793</b>
3	Tuition fees and education contracts	Y/end 31 July		Y/end 31 July	
		2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
	Adult education fees	45	45	89	89
	Apprenticeship contracts	30	30	31	31
	Fees for FE loan supported courses	308	308	389	389
	Fees for HE loan supported courses	1,463	1,463	1,631	1,631
	Full cost fees	149	149	181	181
	<b>Total tuition fees</b>	<b>1,995</b>	<b>1,995</b>	<b>2,321</b>	<b>2,321</b>
	Local authorities and schools	2,459	2,459	1,977	1,977
	Higher education	220	220	281	281
	<b>Total</b>	<b>4,674</b>	<b>4,674</b>	<b>4,579</b>	<b>4,579</b>

4	Other income	Y/end 31 July		Y/end 31 July	
		2024	2024	2023	2023
		Group	College	Group	College
		£'000	£'000	£'000	£'000
	European grant income	108	108	1,114	1,114
	Other grant income	195	195	927	927
	Non-government capital grants	261	261	173	173
	Other income	1,126	1,126	1,243	1,243
	<b>Total</b>	<b>1,690</b>	<b>1,690</b>	<b>3,457</b>	<b>3,457</b>

## 5 Staff costs – Group and College

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

<b>Headcount</b>	<b>2024 No.</b>	<b>2023 No.</b>
Teaching staff	236	235
Non-teaching staff	359	392
	<b>595</b>	<b>627</b>
<b>Full-time equivalents</b>	<b>2024 No.</b>	<b>2023 No.</b>
Teaching staff	185	191
Non-teaching staff	255	285
	<b>440</b>	<b>476</b>
	<b>2024 £'000</b>	<b>2023 £'000</b>
<b>Staff costs for the above persons</b>		
Wages and salaries	13,251	12,988
Social security costs	1,159	1,117
Other pension costs	2,998	2,681
LGPS non-cash service costs	(369)	675
<b>Payroll sub total</b>	<b>17,039</b>	<b>17,461</b>
Contracted out staffing services	453	505
	<b>17,492</b>	<b>17,966</b>
Fundamental restructuring costs - contractual	290	357
- non-contractual	-	-
<b>Total staff costs</b>	<b>17,782</b>	<b>18,323</b>

### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Executive Team which comprises the Principal and Chief Executive, Deputy Principal and Vice Principals. Staff costs include compensation paid to key management personnel for loss of office.

### Emoluments of key management personnel including the Principal and Chief Executive

	<b>2024 No.</b>	<b>2023 No.</b>
The number of key management personnel including the Principal and Chief Executive was:	4	7

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:

	<b>Key management personnel</b>	
	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
£60,001 to £65,000 p.a.	-	1
£65,000 to £70,000 p.a.	-	1
£75,001 to £80,000 p.a.	-	1
£90,001 to £95,000 p.a.	-	1
£95,001 to £100,000 p.a.	1	1
£100,001 to £105,000 p.a.	1	-
£140,001 to £145,000 p.a.	-	1
£150,001 to £155,000 p.a.	1	-
	<b>3</b>	<b>6</b>

There is 1 key management personnel who is part time and when grossed up to full time equivalent, were paid in the £85,001 to £90,000 banding in 2024 (2023: 1 key management personnel were paid in the £75,001 to £80,000 banding).

Key management personnel emoluments are made up as follows:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	482	465
Employers National Insurance contributions	61	60
Benefits in kind	-	-
	<b>543</b>	<b>525</b>
Pension contributions	84	82
<b>Total key management personnel emoluments</b>	<b>627</b>	<b>607</b>

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 includes amounts payable to the Principal and Chief Executive (who is also the highest paid senior post-holder) of:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Salary	193	140
Benefits in Kind	-	-
	193	140
Pension Contributions	26	25

Acting Principal and Chief Executive, following the departure of the Principal and Chief Executive on 5th July 2024.

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Salary	7	-
Benefits in Kind	-	-
	7	-
Pension Contributions	2	-

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

The remuneration package of key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance. This means that the AoC Senior Pay survey is the benchmark used and the College seeks to follow the median salary paid within the 'South' (of the country).

The Remuneration Committee receives annual performance reviews through the Chair of Board (for the Principal and CEO and the Director of Governance and Director of Executive) and the Principal and CEO (for other Senior roles). Performance is assessed against the College's Performance and Development Review process, which is structured to show performance against the College's overall objectives and aims set out in the College strategy. This may use qualitative and quantitative measures depending on the objective.

#### **Relationship of Principal and Chief Executive pay and remuneration expressed as a multiple**

	<b>2024</b>	<b>2023</b>
Principal and Chief Executive's basic salary as a multiple of the median of all staff	5.2	5.7
Principal and Chief Executive's total remuneration as a multiple of the median of all staff	5.3	5.7

Based on staff on the payroll at the end of the year (contracted and casual) and excludes agency workers.

#### **Compensation for loss of office paid to former key management personnel**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Compensation paid to former senior post-holder	3	26
Estimated value of other benefits, including provisions for pension benefits	-	-

Severance payments are made in accordance with relevant legislation and in accordance with the policies approved by the Governing Body. Professional advice is obtained where necessary. All such payments must be authorised by the Principal and Chief Executive and in accordance with Management Public Money requirements.

The members of the Corporation other than the Principal and Chief Executive and the staff members did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties and one staff member received a relocation package.

### Severance payment for all staff

The College paid 21 severance payments in the year, disclosed in the following bands:

	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
0 – £25,000	19	23
£25,001 to £50,000	1	3
£50,001 to £100,000	1	-
£100,001 to £150,000	-	-
£150,000+	-	-
	21	26

Included in staff restructuring costs are special severance payments totaling £3,000, 1 payment (2023: £14,000, 1 payment).

### 5a Access and Participation spending

	<b>Y/end 31 July</b>		<b>Y/end 31 July</b>	
	<b>2024</b>	<b>2024</b>	<b>2023</b>	<b>2023</b>
	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Access investment	77	77	45	45
Financial support to students	64	64	110	110
Disability support	11	11	13	13
Research and evaluation	53	53	48	48
<b>Total</b>	<b>205</b>	<b>205</b>	<b>216</b>	<b>216</b>

Includes staffing costs of £118,275 (2023: £95,911) which are included within Note 5.

A copy of our published Access and Participation Plan 2020-21 to 2024-25 is available here:  
<https://www.petroc.ac.uk/wp-content/uploads/2022/12/Access-and-Participation-Plan-2020-21-to-2024-252.pdf>



**6 Other operating expenses**

	Y/end 31 July		Y/end 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	1,029	1,029	2,381	2,381
Non-teaching costs	3,198	3,195	2,964	2,964
Premises costs	1,944	1,944	2,028	2,028
<b>Total</b>	<b>6,171</b>	<b>6,168</b>	<b>7,373</b>	<b>7,373</b>

**Other operating expenses include:**

	2024		2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Auditors' remuneration:				
Financial statements audit	38	38	31	31
Internal audit fees	30	30	31	31
Hire of plant and machinery under operating leases	29	29	29	29
Hire of other assets under operating leases	314	314	754	754

A total of 208 approved write offs occurred during the year at a value of £126,689 (2023: 308 at a value of £64,417).

**7 Interest and other finance costs – Group and College**

	2024	2023
	£'000	£'000
On bank loans	157	171
Interest on enhanced pension provision (note 18)	(48)	438
Net interest on defined pension liability (note 23)	12	9
Administration expenses (note 23)	30	26
	<b>151</b>	<b>644</b>

**8 Taxation – Group only**

The members do not believe that the College was liable for any corporation tax arising out of its activities during either year.

## 9 Tangible fixed assets - Group

	Land and buildings Freehold £'000	Equipment £'000	Assets in courses of construction	Total
<b>Cost or valuation</b>				
At 1 August 2023	59,710	14,541	779	75,030
Additions	4,777	416	3,952	9,145
Transfers within PPE	610	79	(689)	-
Transfer to investment Property	(1,518)	-	-	(1,518)
Impairment	(895)	-	-	(895)
Disposals	(5,398)	(408)	-	(5,806)
<b>At 31 July 2024</b>	<b>57,286</b>	<b>14,628</b>	<b>4,042</b>	<b>75,956</b>
<b>Depreciation</b>				
At 1 August 2023	25,586	12,136	-	37,722
Charge for the year	1,958	843	-	2,801
Transfers within PPE	-	-	-	-
Transfer to investment Property	(515)	-	-	(515)
Impairment	(467)	-	-	(467)
Disposals	(196)	(402)	-	(598)
<b>At 31 July 2024</b>	<b>26,366</b>	<b>12,577</b>	<b>0</b>	<b>38,943</b>
<b>Net book value at 31 July 2024</b>	<b>30,920</b>	<b>2,051</b>	<b>4,042</b>	<b>37,013</b>
Net book value at 31 July 2023	34,124	2,405	779	37,308

**Tangible fixed assets – College**

	<b>Land and buildings Freehold £'000</b>	<b>Equipment £'000</b>	<b>Assets in courses of construction</b>	<b>Total</b>
<b>Cost or valuation</b>				
At 1 August 2023	59,710	14,541	779	75,030
Additions	4,777	416	1,687	6,880
Transfers within PPE	610	79	(689)	-
Transfer to investment Property	(1,518)	-	-	(1,518)
Impairment	(895)	-	-	(895)
Disposals	(5,398)	(408)	-	(5,806)
<b>At 31 July 2024</b>	<b>57,286</b>	<b>14,628</b>	<b>1,777</b>	<b>73,691</b>
<b>Depreciation</b>				
At 1 August 2023	25,586	12,136	-	37,722
Charge for the year	1,958	843	-	2,801
Transfers within PPE	-	-	-	-
Transfer to investment Property	(515)	-	-	(515)
Impairment	(467)	-	-	(467)
Disposals	(196)	(402)	-	(598)
<b>At 31 July 2024</b>	<b>26,366</b>	<b>12,577</b>	<b>0</b>	<b>38,943</b>
<b>Net book value at 31 July 2024</b>	<b>30,920</b>	<b>2,051</b>	<b>1,777</b>	<b>37,748</b>
Net book value at 31 July 2023	34,124	2,405	779	37,308

During the period, the College vacated 'Brannams' campus, held as a long-term leasehold since 2008/2009. The costs (£4.777m) which are reflected as 'disposals' within Land and Buildings relate to the purchase of the freehold and the associated legal and professional charges necessary to conclude the transaction. An impairment charge relating to the assets carrying value (as of the 1st of August 2023) of £0.428m has also been reflected within the note. Therefore, when netted off against sale proceeds (£3.150m), the total loss on disposal is £2.055m.

## 10 Intangible assets – Group and College

	Software £'000	Other £'000	Total £'000
<b>Cost or valuation</b>			
At 31 July 2023	93	50	143
Transfers	-	-	-
Additions	-	-	-
Disposals	-	-	-
<b>At 31 July 2024</b>	<b>93</b>	<b>50</b>	<b>143</b>
At 31 July 2023	33	20	53
Charge for the year	19	10	29
Disposals	-	-	-
<b>At 31 July 2024</b>	<b>52</b>	<b>30</b>	<b>82</b>
<b>Net book value</b>			
<b>At 31 July 2024</b>	<b>41</b>	<b>20</b>	<b>61</b>
At 31 July 2023	60	30	90
Inherited at valuation	-	-	-
Financed by capital grant	5	-	5
Other at cost/valuation	36	20	56
	41	20	61

**11 Investments**

	Y/end 31 July		Y/end 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Investments in subsidiary companies	-	6,500	-	-
<b>Total</b>	<b>-</b>	<b>6,500</b>	<b>-</b>	<b>-</b>

The college owns 100% of the issued ordinary £100 shares of Petroc Energy Services Limited, a company incorporated in England and Wales. The company is responsible for managing the College's PSDS decarbonisation Salix capital programme which will, by using renewable technologies (and through the installation of solar panels, air source heat pumps and optimised battery technology) see the generation of renewable energy for the College. The principal business activity of Petroc Energy Services Limited post capital project will see the renewable energy supply managed and sold to the College at prevailing market rates.

**12 Investment Property – College and Group**

	2024	2023
	£'000	£'000
At 1 August 2023	-	-
Additions	31	-
Transfer from property, plant and equipment	1,003	-
Transfer to property, plant and equipment	-	-
(Decrease) in value	(284)	-
<b>At 31 July 2024</b>	<b>750</b>	<b>-</b>

In year, the College has taken the opportunity to reduce the estate footprint at its Tiverton campus which is currently deemed to be surplus to teaching requirements. In doing so, through the leasing of disused space, the College has sought to maximise income generation, which can be reinvested back into on-going operations.

**13 Stocks – Group and College**

	2024	2023
	£'000	£'000
Commercial trading activities	36	32

14	Trade and other receivables			
	Group	College	Group	College
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables	942	942	701	701
Amounts owed by group undertakings:				
Subsidiary undertakings	-	50	-	-
Associate undertakings	-	-	-	-
Prepayments and accrued income	549	549	822	822
Other receivables	217	167	920	920
Amounts owed by the ESFA	1,315	1,315	313	313
<b>Total</b>	<b>3,023</b>	<b>3,023</b>	<b>2,756</b>	<b>2,756</b>

15	Creditors: amounts falling due within one year			
	Group	College	Group	College
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	267	267	258	258
Payments received in advance	1,647	1,647	1,752	1,752
Trade payables	3,394	2,578	2,255	2,255
Amounts owed to group undertakings:				
Subsidiary undertakings	50	5,062	-	-
Corporation tax	-	-	-	-
Other taxation and social	(46)	(23)	241	241
Accruals and deferred income	466	466	837	837
Deferred income - government capital grants	1,511	1,511	1,285	1,285
Other payables	74	74	86	86
Amounts owed to the ESFA	1,934	1,934	2,110	2,110
<b>Total</b>	<b>9,297</b>	<b>13,516</b>	<b>8,824</b>	<b>8,824</b>

Trade payables include holiday pay accrual of £635,195 (2023: £676,025).

16	<b>Creditors: amounts falling due after one year</b>			
	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2024</b>	<b>2024</b>	<b>2023</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans	2,141	2,141	2,407	2,407
Deferred income - government capital grants	19,399	19,399	17,674	17,674
<b>Total</b>	<b>21,540</b>	<b>21,540</b>	<b>20,081</b>	<b>20,081</b>

#### Analysis of Change in net Debt - Group

	<b>As at 31 July 2023</b>	<b>Cash Flows</b>	<b>Finance Leases</b>	<b>Other non- cash changes</b>	<b>As at 31 July 2024</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£,000</b>	<b>£'000</b>
<b>Cash and cash equivalent</b>					
Cash	5,374	(2,075)	-	-	3,299
Treasury Deposits	-	-	-	-	-
	<b>5,374</b>	<b>(2,075)</b>	<b>-</b>	<b>-</b>	<b>3,299</b>
<b>Borrowings</b>					
Debt due within 1 year	(258)	258	-	(267)	(267)
Debt more than 1 year	(2,408)	-	-	267	(2,141)
Finance Leases	-	-	-	-	-
	<b>2,708</b>	<b>(1,817)</b>	<b>-</b>	<b>-</b>	<b>891</b>

**Analysis of Change in net Debt - College**

	As at 31 July 2023	Cash Flows	Finance Leases	Other non- cash changes	As at 31 July 2024
	£'000	£'000	£'000	£,000	£'000
<b>Cash and cash equivalent</b>					
Cash	5,374	(2,088)	-	-	3,286
Treasury Deposits	-	-	-	-	-
	<u>5,374</u>	<u>(2,088)</u>	<u>-</u>	<u>-</u>	<u>3,286</u>
<b>Borrowings</b>					
Debt due within 1 year	(258)	258	-	(267)	(267)
Debt more than 1 year	(2,408)	-	-	267	(2,141)
Finance Leases	-	-	-	-	-
	<u>2,708</u>	<u>(1,830)</u>	<u>-</u>	<u>-</u>	<u>878</u>

**17 Analysis of borrowing – Group and College**

	2024 £'000	2023 £'000
<b>Bank loans</b>		
Repayable as follows:		
- in one year or less	267	258
- between one and two years	276	267
- between two and five years	850	844
- in five years or more	1,015	1,296
	<u>2,408</u>	<u>2,665</u>

The loans are from Barclays Bank PLC and are repayable within the period shown. The balance is made up of three separate facility agreements at fixed interest rates varying from 5.95% to 6.51% and a fourth, variable rate loan. All loans are secured.



**18 Provisions – Group and College**

	<b>Defined benefit obligations</b>	<b>Restructuring</b>	<b>Enhanced pensions</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 August 2023	-	80	234	238	<b>552</b>
Expenditure in the period	369	(80)	41	(238)	<b>92</b>
Additions in period	(369)	192	(28)	71	<b>(134)</b>
<b>At 31 July 2024</b>	<b>-</b>	<b>192</b>	<b>247</b>	<b>71</b>	<b>510</b>

The College has provided for restructuring costs of £191,813 (2023: £80,127) as a result of an efficiency savings programme.

Other provisions relate to a specific project and a potential funding clawback.

The enhanced pensions provision relates to the entitlements of staff taking early retirement under the 1993 incorporation reorganisation programme. This amount represents the extent to which the capital cost charged exceeds actual payments made. The provision will be released against the cost to Petroc of enhanced pension entitlements over the estimated life expectancy of each relevant employee.

The principal assumptions for this calculation are:

	<b>2024</b>	<b>2023</b>
Interest rate	5.1%	5.2%
Inflation rate	2.9%	2.9%

The provision includes £Nil (2023: £Nil in respect of former senior post-holders).

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension scheme. Further details are given in Note 23.

**19 Cash and cash equivalents - Group**

	<b>1 August 2023</b>	<b>Cash flows</b>	<b>Other changes</b>	<b>31 July 2024</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	5,374	(2,075)	-	3,299
Overdrafts	-	-	-	-
<b>Total</b>	<b>5,374</b>	<b>(2,075)</b>	<b>-</b>	<b>3,299</b>

**Cash and cash equivalents - College**

	1 August 2023	Cash flows	Other changes	31 July 2024
	£'000	£'000	£'000	£'000
Cash and cash equivalents	5,374	(2,088)	-	3,286
Overdrafts	-	-	-	-
<b>Total</b>	<b>5,374</b>	<b>(2,088)</b>	<b>-</b>	<b>3,286</b>

**20 Capital and other commitments**

	Group 2024	College 2024	Group 2023	College 2023
	£'000	£'000	£'000	£'000
Commitments contracted for at 31 July	3,825	351	128	128

**21 Lease obligations - Group and College**

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

	2024 £'000	2023 £'000
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	-	754
Later than one year and not later than five years	-	1,006
Later than five years	-	-
	-	1,760
<b>Other</b>		
Not later than one year	7	29
Later than one year and not later than five years	-	7
Later than five years	-	-
	7	36

Lease payments recognised as an expense during the year was £343,950 (2023: £783,393)

## 22 Lessee obligations - Group and College

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

	2024 £'000	2023 £'000
<b>Future minimum lessor payments due</b>		
<b>Land and buildings</b>		
Not later than one year	83	23
Later than one year and not later than five years	242	59
Later than five years	224	20
	<b>549</b>	<b>102</b>

## 23 Pensions and similar obligations – Group and College

The College's employees belong to two principal pension schemes, Local Government Pension Scheme (LGPS) and the Teachers' Pension Scheme (TPS). Both schemes are defined benefit schemes.

Total pension cost for the year	Year ended 31 July 2024 £'000	Year ended 31 July 2023 £'000
TPS: contributions paid	1,495	1,275
LGPS:		
Contributions paid	1,503	1,406
Pension charge	(369)	675
Charge to the statement of comprehensive income	1,134	2,081
<b>Total pension cost for year (note 5)</b>	<b>2,629</b>	<b>3,356</b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuations of the TPS was as at 31 March 2020 and the LGPS was valued as at 31 March 2022. Contributions amounting to £323,434 (2023: £278,014) were payable to the scheme at 31 July 2024 and are included within trade creditors.

### Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by Devon County Council. The College is not liable for other entities obligations.

The total contribution made for the year ended 31 July 2024 was £1,909,427 (2023: £1,802,395) of which employer's contributions totalled £1,503,090 (2023: £1,140,621) and employees contributions totalled £406,337 (2023: £396,174). This includes an employer secondary (deficit recovery) rate value paid monthly of £18,583 (August 2023 to March 2024) and £19,333 (April 2024 to July 2024).

For the period from 1 August 2023 to 31 July 2024 the employer contribution was 18.80% (2023: 16.90% 1 August 2022 to 31 March 2023 increasing to 18.80% from 1 April 2023).

### Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2024 by a qualified independent actuary.

	<b>2024</b> %	<b>2023</b> %
Rate of increase in salaries	3.90	3.85
Future pensions increase	2.90	2.85
Discount rate for scheme liabilities	5.05	5.15
Inflation assumption (CPI)	2.90	2.85

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

	<b>At 31 July</b> <b>2024</b> <b>Years</b>	<b>At 31 July</b> <b>2023</b> <b>Years</b>
<i>Retiring today</i>		
Males	21.4	21.4
Females	22.6	22.6
<i>Retiring in 20 years</i>		
Males	22.7	22.7
Females	24.1	24.0

The College's share of the assets in the plan (which is estimated to be 0.81%) at the balance sheet date and the expected rates of return were:

	<b>Fair value at 31</b> <b>July 2024</b> <b>£'000</b>	<b>Fair value at 31</b> <b>July 2023</b> <b>£'000</b>
Equity instruments	26,621	23,498
Government bonds	1	-
Property	3,651	3,644
Cash	1,201	610
Target return portfolio	1,131	2,645
Infrastructure	5,070	3,963
Other bonds	11,308	9,440
Private equity	-	-
Alternative assets	7	(2)
<b>Total fair value of plan assets</b>	<b>48,990</b>	<b>43,798</b>

For accounting years beginning on or after 1 January 2015, the expected return and the interest cost have been replaced with a single net interest cost, which effectively sets the expected return equal to the discount rate (5.05% as at 31 July 2024).

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

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets	48,990	43,798
Asset Cap	(1,886)	(209)
Present value of plan liabilities	(47,104)	(43,589)
<b>Net pensions (note 18)</b>	<b>-</b>	<b>-</b>

The FRS 102 asset has not been recognised as it does not reflect any asset ceiling and a decision was taken not to recognise one given that contributions have not reduced materially and the data is very volatile, amongst other factors.

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

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts included in staff costs</b>		
Current service cost	1,134	2,073
Past service cost	33	44
	<b>1,167</b>	<b>2,117</b>
<b>Amounts included in investment income</b>		
Net interest (cost) income	48	(438)
	<b>48</b>	<b>(438)</b>

**Amount recognised in Other Comprehensive Income**

Return on pension plan assets	2,414	(183)
Experience gain/(loss) arising on defined benefit obligations	37	(6,772)
Other actuarial gain on assets	-	113
Changes in assumptions underlying the present value of plan liabilities	(1,161)	21,720
	<b>1,290</b>	<b>14,878</b>
Asset Cap	(1,677)	(209)
	<b>(387)</b>	<b>14,669</b>
<b>Enhanced Pension Provision</b>		
Actuarial (loss) or gain	(29)	28
	<b>(416)</b>	<b>14,697</b>

**Movement in net defined benefit asset during year**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Net defined benefit (liability) in scheme at 1 August	209	(13,530)
Movement in year:		
Current service cost	(1,167)	(2,117)
Employer contributions	1,310	1,190
Deficit payments	226	252
Administration expenses	(30)	(26)
Past service cost	-	-
Net interest on the defined (liability)	48	(438)
Actuarial gain or	1,290	14,878
<b>Net defined benefit at 31 July</b>	<b>1,886</b>	<b>209</b>

**Asset and Liability Reconciliation**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	43,589	55,754
Current service cost	1,134	2,073
Interest cost	2,221	1,877
Contributions by scheme participants	406	397
Experience gains and losses on defined benefit obligations	(37)	6,772
Changes in financial assumptions	1,267	(20,049)
Changes in demographic assumptions	(106)	(1,671)
Estimated benefits paid	(1,403)	(1,608)
Past Service cost, including curtailments	33	44
<b>Defined benefit obligations at end of period</b>	<b>47,104</b>	<b>43,589</b>
<b>Changes in fair value of plan assets</b>		
<b>Fair value of plan assets at start of period</b>	43,798	42,224
Interest on plan assets	2,269	1,439
Return on plan assets	2,414	(183)
Other actuarial (losses)	-	113
Administration expenses	(30)	(26)
Employer contributions	1,536	1,442
Contributions by scheme participants	406	397
Estimated benefits paid	(1,403)	1,608)
<b>Fair value of plan assets at end of period</b>	<b>48,990</b>	<b>43,798</b>

In June 2023, the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation.

This High Court ruling was appealed. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court.

At the date of approval of these financial statements, while it is known there is potential for additional pension liabilities to be recognised as a result of this ruling, the impact in monetary terms is not known and it is reasonable to form the view that it is not reasonably estimable. Accordingly, no adjustments to reflect the impact of the ruling have been made in these financial statements.

The College will continue to monitor the developments and consider the impact on the LGPS liabilities recognised.

## Teachers' Pension Scheme

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

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

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

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

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

The latest actuarial review of the TPS was carried out as at 31 March 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 at 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 the 2016 valuation).

As a result of the valuation, new employer contribution rates increased from 23.68% to 28.68% of pensionable pay from April 2024 onwards. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs since 2019/2020 academic year.

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

The pension costs paid to TPS in the year amounted to £1,494,662 (2023: £1,274,734).

## 24 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £835 (2023: £385). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and events in their official capacity.

No Governor has received any remuneration or waived payments from the College (2023: None).

The College is not a subsidiary but is the sole shareholder of Petroc Energy Services Limited; however, no related party transactions have occurred during the year.



**25 Discretionary Support Funds and Other Bursaries – Group and College**

	<b>2024</b>	2023
	<b>£'000</b>	£'000
Grant funding	1,107	1,140
Interest earned	-	-
	1,107	1,140
Disbursed to students	(1064)	(981)
Staffing	-	-
Administration costs	(43)	(43)
<b>Balance unspent at 31 July</b>	<b>-</b>	<b>116</b>

Included within creditors is £449,240 (2023: £492,199) of money not yet paid across or repaid as at the year-end.

Funding grants are available solely for students and employers; the College acts only as a paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

**26 Guarantees, letters of comfort, indemnities, novel & contentious transactions**

The College, on the 27<sup>th</sup> of April 2024 become a guarantor on an NEC3 buildings contract executed between Petroc Energy Services Limited and Lorne Stewart. The contract relates to delivery of the College's decarbonisation project, due for completion in 2025. Following 'Managing Public Money' guidelines, approval was sought through the Department for Education and obtained on the 19<sup>th</sup> of December 2023. The approval runs to December 2026.

The scheme is being partially funded by Salix through the 'Phase 3 Public Sector Decarbonisation Scheme' with the balance of funds being met using a 'College's Capital loan' obtained from the Department of Education.

A novel and contentious request made by the College was approved by treasury through the Department for Education on the 26<sup>th</sup> of April 2024 in relation to the purchase and sale of Brannams.

**27 Post balance sheet event**

There are no events after the reporting period.

**To: The corporation of Petroc and Secretary of State for Education acting through Education and Skills Funding Agency ("ESFA")**

In accordance with the terms of our engagement letter dated 31st May 2024 and further to the requirements and conditions of funding in ESFA and DfE's accountability agreements, 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 Petroc College during the period 1 August 2023 to 31 July 2024 have not been applied to the purposes intended 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 [name of corporation] 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 Petroc College 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 Petroc College and ESFA for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Petroc College and the reporting accountant**

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

Our responsibilities for this engagement are established in the United Kingdom by the Code 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:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the accountability agreements, grant funding agreements and contracts with the ESFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Tested a sample of individual learner records.
- Reviewed all payments to senior post holders on termination of employment or in respect of claims made in the year.
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.
- Reviewed the College's compliance with the requirements of HM Treasury's "Managing Public Money" document.

### 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, and that the financial transactions do not conform to the authorities that govern them.

Signed: Forvis Mazars LLP  
Forvis Mazars LLP (Dec 12, 2024 11:34 GMT)

Forvis Mazars LLP

Dec 12, 2024

