

**SOUTHPORT COLLEGE**

**Report and Financial Statements  
For the year ended 31 July 2023**



**KING  
GEORGE V  
COLLEGE**

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**KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS**

**Key Management personnel**

Key management personnel are defined as members of the Senior Leadership Team and are:

Michelle Brabner – Principal and Chief Executive Officer  
Maura Cummins – Deputy Principal (to 5<sup>th</sup> March 2023)  
Mark Burrows – Vice Principal Curriculum & Performance (from 1<sup>st</sup> January 2023)  
Kevin Williams – Vice Principal Finance & Facilities (to 5<sup>th</sup> November 2023)  
Stephen Musa – Assistant Principal Student Experience & Welfare  
Victoria Wickington – Assistant Principal Teaching, Learning & Quality (to 31 August 2023)  
Paris Bonwick – Assistant Principal MIS & Apprenticeships  
Paula Smith – Director of Finance (from 1<sup>st</sup> October 2023)

**Board of Governors**

A full list of Governors is given on page 10 and 11 of these financial statements.

**Professional Advisers**

**Financial statements auditors and reporting accountants**

Wylie & Bisset (Audit) Limited  
168 Bath Street  
Glasgow  
G2 4TP

**Internal Auditors**

TIAA Ltd  
Artillery House  
Fort Fareham  
Newgate Lane  
Fareham  
Hants  
PO14 1AH

**Bankers**

Bank of Scotland plc  
40 Spring Gardens  
Manchester  
M2 1EN

**Solicitors**

Weightmans  
100 Old Hall Street  
Liverpool  
L3 9QJ

**STRATEGIC REPORT****OBJECTIVES AND STRATEGY**

The Corporation is pleased to present its report and audited financial statements for the year ended 31 July 2023.

**Legal status**

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

**Public Benefit**

Southport College is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 10 and 11.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

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

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce and the Liverpool City Region (LCR).

**Vision and Mission**

A new Strategic Plan was approved by the Corporation in July 2023:

Vision – To be a driving force for the educational and economic excellence in Southport and the region.

Mission - To create a positive, high expectation learning environment that allows people to excel in their future careers, education, training and life.

**Implementation of Strategic Plan**

The Corporation monitors the performance of the College against its Strategic Plan which is reviewed and updated each year - progress against the underlying action plan is reviewed termly by the relevant committee. In particular, the College continued to develop and enhance its ability to achieve its corporate aims during the year through a range of new strategic intentions:

- A place where learners fulfil their potential
- A place where people want to work and are supported in their careers
- A place where employers develop their skilled workforce
- A place at the heart of our communities

**Resources**

The College has various resources that it can deploy in pursuit of its strategic objectives as follows:-

*Tangible*

Tangible resources include the College's land and buildings and its general and IT equipment. The College has an accommodation strategy which seeks to ensure that the College facilities are fit for purpose and meet the needs of the curriculum and learners. Capital works continue to be ongoing to ensure the College has a high standard of facilities.

*Financial*

The College has £20.8 million of net assets including cash reserves of £5.4 million.

*People*

The College employed 237 people (expressed as full time equivalents), of whom 124 were teaching staff.

## STRATEGIC REPORT

### *Reputation*

The College brands have a reputation locally for good, sustainable education and training. The most recent Ofsted inspection took place in February 2020 and rated the College as “Good”.

### **Stakeholders**

In line with other colleges and with universities, Southport College has many stakeholders. These include:

- Staff, Students and Governors;
- Education sector funding bodies;
- FE Commissioner;
- Local Authorities, the Local Enterprise Partnership and the Liverpool City Region;
- Local employers with specific links;
- Government Offices;
- The local community;
- HE institutions;
- Other FE institutions;
- Trades unions;
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication.

## DEVELOPMENT AND PERFORMANCE

### **Student numbers and funding**

The College has significant reliance on the education sector funding bodies for its principal funding sources, largely from recurrent grants. In 2022/23, they provided 92% (2021/22: 92%) of the College’s total income.

Overall the College had 1,758 16-18 learners (2021/22: 1,668). The effect of lagged funding gave rise to an increase in income of £63,000. Adult Education Budget (devolved and non-devolved) income did recover in 2021/22 and effectively returned to pre-pandemic levels. Even though the number of apprenticeship starts in 2021/22 had not recovered to pre-pandemic levels, they did grow by 119 in 2022/23 (104 in 2021/22) - apprenticeship-related income increased by £172,000 in 2022/23 (£233,000 in 2021/22). There were 236 Advanced Learner Loan learners (2021/22: 319) with income reducing by £143,000 in 2022/23. The College Higher Education (HE) numbers reduced to 80 (2020/21: 135) resulting in a reduction in tuition fee income of £355,000.

### **Financial results**

There was a deficit before other gains and losses of £1,283,000 in the year (2021/22: £998,000 deficit).

Southport College merged with KGV College in January 2018 and the merger was supported by Restructure Funds receivable from the Department for Education in the form of £2.7m of Grants and a £3m Loan. The fundamental basis of the merger was the turnaround of KGV College to increase its student base and share support costs in order to make the merged college financially viable over time.

The plan was based on incurring deficits in the early years of merger whilst the recovery took place and the original planned deficit for 2021/22 as at the point of merger was £1,128,000.

The College returned a deficit Education specific Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of £148,000 surplus (2021/22: £863,000 surplus) compared to an originally forecasted surplus of £631,000 within the merger plan for 2022/23.

Tangible fixed asset additions during the year amounted to £0.7m. Additions related to £0.28m funded by LCR Strategic Investment Fund and £0.1m DfE Energy Efficiency Grant. Equipment purchases of £0.3m were in relation to the annual rolling programme of IT replacement and other capital equipment for use in delivery of the College’s curriculum.

At 31 July 2023 the College had accumulated reserves of £20.8m. Following the actuarial review of the MPF in March 2019 the College had a surplus in the scheme, with a funding level of 103%.

**STRATEGIC REPORT****Cash flows and liquidity**

At 31 July 2023, cash balances and short term deposits were £5,378,000, an increase of £230,000 from the previous year's position. The increase was primarily the net result of:

- a cash outflow from operations of (£50,000);
- a cash outflow from capital expenditure payments and interest paid £815,000;
- a cash inflow from grants and interest received of £1,095,000.

**FUTURE PROSPECTS****Future developments**

College finances will continue to be influenced by the recovery of student numbers at KGV which is a critical part of future developments; encouraged by increased enrolled numbers in 2022/23. The College seeks to grow 16-19 student numbers at Southport College. This was accounted for in the merger implementation plan agreed with the Transaction Unit and formed the basis of the funding package agreed for the merger to proceed. Regular monitoring returns are produced and reviewed to ensure the plan keeps to target. The College remains committed to providing a locally delivered high quality comprehensive academic and vocational offer for school leavers. In addition, the College is maintaining a strong position to respond to the necessary skills development in the local area.

**Financial Plan**

The College governors regularly receive and approve financial plans in line with the College's annual cycle of reporting and that of the DfE. In July 2023 the governors approved a financial plan which set objectives for the period to 2025/26. The DfE have recently altered their reporting arrangement and from 2023/24 the College will no longer have to provide quarterly financial forecasts. Instead the College will provide a year-end return which will focus on agreed KPI's and a cash sweep analysis. The College aims to stabilise Financial Health as 'Good' from 2023/24 onwards; that aim being surpassed in 2021/22 with outstanding – a proud achievement having been in 'Requires Improvement' for the past 4 years. Going forward, the consolidation as 'Good' is to be achieved through a combination of growth in market share of key funding streams and achieving efficiency savings from its cost base. As part of the process of approval the College governors also review sensitivity analyses in order to determine the level of risk within the forecasts and to help plan the overall strategy and direction of the College. A key factor in the plans for 2023/24 is to grow the 16-18 Study Programme and to a lesser extent, to grow Apprenticeships

**Treasury policies and objectives**

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

The College has a separate treasury management policy in place which, together with investment performance, is reviewed annually by the Governors. The College has £3.0m of long term borrowings provided by the Department for Education (DfE) in support of the merger in 2017/18.

**Reserves**

The College has no formal Reserves policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the college's core activities. The College will, if necessary, continue to use its reserves to support improvements and modifications to its accommodation in line with its Accommodation Strategy along with the general upgrading of the College facilities and to protect itself from the short term effect of risks materialising. The College has no capital project earmarked for 2022/23.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The College has well developed strategies, which are reviewed and developed on an ongoing basis, for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance. The College takes a measured approach to risk, and high levels of risk will be contemplated only in specific, well-argued and carefully managed circumstances.

## STRATEGIC REPORT

Based on the Strategic Plan, the Senior Leadership Team (SLT) undertakes a comprehensive review of the risks to which the College is exposed. The SLT identifies systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the SLT will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A new and robust risk register and scoring was introduced in 2021/22. The risk register is maintained at the College level which is reviewed at least termly by the Audit Committee and the Corporation and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

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

### *Government funding*

The College has considerable reliance on continued government funding through the DfE and OfS. In 2022/23, 92% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of four issues which may impact on future funding:

- Economic climate - the current economic climate and future public spending plans suggest that there is a significant risk that funding for the education sector as a whole will continue to be constrained. With various and indeed significant fiscal pressures on the UK Government, there is limited assurance that funding will continue at the same levels or on the same terms.
- Staffing costs – the College has yet to agree a pay award for 2023/24; regular meetings with trade union representatives are on-going. The general cost of living is of concern to staff and the Corporation faces a difficult decision between providing to its workforce and maintaining 'Good' Financial Health.
- Competition - ever increasing competition from other providers and school sixth forms for 16-18 year old learners. The College has challenging targets to achieve across each of its major funding streams. Failure to achieve these targets could result in a reduction of funding;
- Funding methodologies - the College is at the mercy of the DfE implementing changes to its funding methodologies. This could affect learner entitlements, change the focus of funding allocations and potentially negatively impact the overall funding that the College receives.

These risks are mitigated in a number of ways by:

- ensuring the College is rigorous in delivering high quality education & training and continued review and revision of the curriculum offer;
- placing considerable focus and investment on maintaining and managing key relationships with various stakeholders, partners and funding bodies;
- ensuring effective marketing and promotional activities are developed;
- setting realistic fee levels which do not impact negatively on recruitment targets;
- maximising recurrent funding body grants and securing other funding stream opportunities as appropriate;
- ensuring the right staffing structures are in place to deliver the targets which have been set;
- planning resources flexibly in order to adapt to any potential future funding changes.

The cornerstone to mitigation is forward planning and prudent budgeting.

## STRATEGIC REPORT

### KEY PERFORMANCE INDICATORS

The financial objectives for 2022/23 were to achieve or better the targets agreed with the Transaction Unit at the point of merger:

Objective	Target	Actual
Earnings before interest, tax, depreciation and amortisation (EBITDA) as a percentage of adjusted income	4.59%	6.17%
Adjusted Current Ratio	2.34	1.92
Borrowings as a percentage of adjusted income	20.98%	20.11%
Staff costs as a percentage of adjusted income	69.6%	69.4%
Cash days in hand	67	146
Financial health score	210	180
Financial health grade	Good	Good

As can be seen above, the overall financial health is in line with the original targets.

### Student achievements

The College Achievement rates in 2022/23 were 80.5%, with (2021/2022 76%) of students moved into employment, further or higher education after they completed college.

### Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires colleges to make payments to suppliers within 30 days of either the provision of goods and services or the date on which the invoice was received. During 2022/23 the College responded to the Government commitment to pay all suppliers as soon as possible and, rather than waiting for the full 30 day payment period, brought forward its payments as soon as invoices were approved. The College incurred no interest charges in respect of late payments for this period.

### Equal opportunities and employment of disabled persons

The College is committed to creating a safe and secure environment for students and staff in which equality of opportunity and diversity of backgrounds and experiences is valued. To this effect the College:-

- aims to provide the conditions which encourage everyone to participate in learning, eliminate discrimination and actively combat harassment and bullying;
- values the diversity of all individuals who study or work at the College and the contribution they make to its success;
- has a belief and a commitment to the right of everyone to be given equal access to opportunities and to be treated with dignity and respect regardless of any protected characteristic.

The College has specific Equality and Diversity Objectives as follows:-

- To continue to improve the achievement rates of all students identifying and, where appropriate, addressing any achievement gaps;
- To assess the impact of socio-economic background on student performance and identify areas for further exploration and action;
- To further improve retention of vulnerable groups through rigorous initial advice and guidance and individualised study programmes.
- To further develop an inclusive blended learning environment by supporting students in digital poverty and ensuring that they develop appropriate digital literacy skills.
- Ensure that learners and apprentices develop a good understanding of radicalisation and extremism and how it applies to them (Ofsted 2020).
- To achieve kitemarks in recognition of support for young carers.



## STRATEGIC REPORT

A pro-active Equality and Diversity Committee is in place, membership of which includes an Assistant Principal and a College Governor who reports back to the Corporation on a regular basis to ensure that equality and diversity remain high profile aspects of Corporation business. The College is immensely proud to be the first College nationally to have achieved the Rainbow Flag Award in recognition of its commitment to positive LGBTQIA+, inclusion and visibility. The College has also proudly gained the Sefton Young Carers Bronze Award.

As an employer, the College opposes all forms of unlawful and unfair discrimination. The College is committed to treating all employees fairly and with respect. Selection for employment, promotion, training or any other benefit is carried out on the basis of aspiration, aptitude and ability.

### ***Equal opportunities and employment of disabled persons (continued)***

It is ensured that all people with disabilities have proper access to their right to equal opportunities and to enter employment with the Corporation and progress their career to achieve their individual potential. For those colleagues in-service who become disabled every effort is made, including re-training where appropriate, to facilitate their continued employment as members of College staff.

The College is registered as a member of the Department of Work and Pensions' Disability Confident Employer scheme. Disability Confident Employers are recognised as going the extra mile to make sure disabled people get a fair chance.

### **Disability statement**

The College seeks to achieve the objectives set down in the Equality Act 2010 and supports this by:-

- eliminating discrimination and actively promoting equality of opportunity for all current and prospective students;
- everyone in College being treated with respect and dignity;
- having an environment in which a diversity of backgrounds and experiences are valued;
- fair and equal treatment for all College stakeholders, including potential students and staff;
- having a positive working and learning environment;
- learning opportunities taking place in a safe, healthy, caring and friendly environment in which expectations are high and committed students can achieve;
- zero tolerance in respect of discrimination, harassment or victimisation;
- tackling equality gaps and improving learner success;
- ensuring accessibility of assessment in line with awarding body regulations.

### **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 for the period 1 April 2022 to 31 March 2023. The information is as follows:

Numbers of employees who were relevant officials during the period	3
Total FTE employee number	2.20

Percentage of time	Number of employees
0%	-
1-50%	3
51-99%	-
100%	1

**STRATEGIC REPORT**

Total cost of facility time	£4,949
Total pay bill	£8,838,000
Percentage of total bill spent on facility time	0.06%

Time spent on paid trade union activities as a percentage of total paid facility time	100%
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**GOING CONCERN**

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

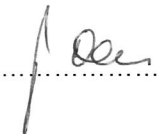
**EVENTS AFTER THE REPORTING PERIOD**

There were no events after the balance sheet date that could have had an impact on the financial statements.

**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 they ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Corporation on 14<sup>th</sup> December 2023 and signed on its behalf by:

Signed  .....

Chair - P Walker

Date 14/12/2023 .....

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

The following statement is provided to enable readers of the annual report and accounts of the college to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements.

The college endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges (AoC) in The Code of Good Governance for English Colleges (“the Code”).

In the opinion of the Governors, the College complies with all the provisions of the Code and it has complied throughout the year ended 31 July 2023. This opinion is based on an internal review of compliance with the Code reported to the Governance Committee on October 2<sup>nd</sup>, and the full Governing board on 14<sup>th</sup> December 2023. The Board underwent an external review of effectiveness in July 2021, and has commissioned the services of Governance4FE to undertake a full external review of governance and compliance with the code in Spring 2024.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 1 July 2015. This decision was reviewed on 14<sup>th</sup> December 2021 and again on July 5<sup>th</sup>, 2023, following revisions of the code, with the Board resolving to continue to adopt the updated Code.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

## Members of the Corporation

The members who served the Corporation during the year and any changes since the year end were as follows:

Name	Date of Appointment	Term of Office	Date of Resignation/ End of term of Office	Status of Appointment	Committee Served	Meeting Attendance Percentage
Mr M. Aberdein	12 May 2021	4 yrs	31 <sup>st</sup> Dec 2023	Independent	Standards	92%
Miss H. Austin	15 November 2021	Up to 4yr (end of course)	31 <sup>st</sup> July 2023	Student	Standards	50%
Mrs C Bampton	23 May 2018 26 May 2022 <sup>®</sup>	4 yrs	31 <sup>st</sup> December 2022	Independent	Governance Remuneration Resources from January 1 2022, Standards (Chair to 31 <sup>st</sup> Dec 2022). VC to the Corp to January 2022 Chair of the Corporation from January 1 2022 to 31 <sup>st</sup> Dec 2022	100%
Mr A. Barton	1 September 2023	4 yrs	-	Independent	Audit	n/a
Mrs L. Bell	12 May 2021	4 yrs	-	Independent	Audit Corporation Vice Chair from December 2022	92%
Mrs M Boneham	25 February 2020	4 yrs	-	Independent	Resources	79%
Mrs M Brabner	9 March 2020	-	-	Principal	Standards, Resources and Governance	100%
Ms. C. Durr	4 March 2022	4 yr	-	Staff	Standards	90%
Mr R E Firth	14 November 2016, 14 November 2020 <sup>®</sup>	4 yrs	-	Independent	Resources (Committee Chair from Jan 2023 Remuneration (from Jan 23) Governance (from Jan 23)	94%
Mrs A Gamil	1 January 2021	4 yrs	-	Independent	Audit from 1 Sept 21-31 Aug 22 Resources from 1 Sept 22	86%
Mr R. Gillespie	23 January 2022	4 yrs	-	Independent	Standards (Committee Chair) from Jan 2023 Governance (from Jan 2023) Remuneration (from Jan 2023)	80%
Mrs A Holt	16 November 2019 16 November 2021 <sup>®</sup>	2 yrs	-	Associate Standards only	Co-opted to the Standards Committee only	67%
Mrs D. Hutchinson	1 January 2021	4 yrs	-	Independent	Audit Remuneration (Committee Chair from Jan 2023)	79%
Mrs K. Kalim	29 March 2023	4 yrs	-	Independent	Standards (from March 2023)	100%
Mrs C Kennaugh	11 October 2019 1 September 2022 <sup>®</sup> (as an associate)	4 yrs	31 Aug 2022 (as independent)	Independent to 31 Aug Associate from Sept 2022	Co-opted associate to the Audit Committee only	83%
Mr A Kenny	23 May 2018 26 May 2022 <sup>®</sup>	4 yrs	27 November 2023	Independent	Resources	93%
Mr M Kundi	1 September 2017 1 September 2021 <sup>®</sup>	4 yrs	-	Independent	Audit (Chair from 1 Sept 2022) Remuneration (Chair from 1 Sept 2021 to Jan 2023) Governance (Chair from 1 Sept 2021-Sept 2022)	89%
Mr P McGregor	12 May 2023	To end of studies (max 4 yr)	-	Student	Standards	50%
Mrs S Porter	1 January 2021	4 yrs	-	Independent	Standards	67%
Mrs K Robinson	10 January 2020 1 September 2023 <sup>®</sup> (as an associate)	4 yrs	31 Aug 2023 (as independent)	Independent to 31 <sup>st</sup> Aug 2023 Associate from Sept 2023	Co-opted associate to the Standards Committee only	17%

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Mr T. Rowe	20 November 2021	4 yrs		Staff	Governance	90%
Mrs E. Small	1 September 2023	4 yrs	-	Independent	Standards	n/a
Mr P Walker	1 April 2021	4 Yrs	-	Independent	Corporation Chair (from Jan 2023) Resources (Committee Chair to Jan 2023) Governance (Committee Chair from Jan 23) Remuneration Corporation Vice Chair (to Jan 23)	100%

® = Re-appointment date

Lisa Farnhill served as Clerk to the Corporation.

### The Governance Framework

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters, personnel related matters, as well as premises matters, including the estates strategy, health and safety and environmental issues.

The Corporation meets at least termly. The Corporation conducts its business through a number of committees. Membership of Committees is at the recommendation of the Governance Committee and approved by the Corporation. Each committee has terms of reference, reviewed at least annually by the Committee and approved by the Corporation.

The full Corporation met on eight occasions during 2022/23. The number of meetings held by each committee in 2022/23, is outlined as follows:

Committee	Number of Meetings
Resources	6
Standards	4
Audit	4
Governance	4
Remuneration	2

Minutes of all non-confidential meetings are available on the College's website at [Southport.ac.uk](http://Southport.ac.uk) or from the Clerk to the Corporation, Southport College, Mornington Road, Southport PR9 0TT.

The Clerk maintains a register of financial and personal interests of Governors, Senior Postholders, managers and their partners. The register is available for inspection at the above address.

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

Formal agendas, papers and reports are supplied to Governors in a timely manner prior to Corporation and committee meetings. Briefings are also provided on an ad hoc basis.

The Corporation has a strong, balanced and independent non-executive element and no individual or group dominates its decision making processes. 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 Accounting Officer of the College are separate.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

### Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Governance Committee, consisting of independent governors, one staff governor and the Principal, which is responsible for advising the Corporation on the appointment of Governors. This Committee was strengthened in 2021/22 to include representatives from each Committee to support recruitment, skills and training discussions. The Corporation is responsible for ensuring that appropriate training is provided as required. The Corporation approves an annual training plan, taking into account the skills audit outcomes, member needs, Quality Improvement Plan objectives and external factors including sector changes.

The Corporation has approved procedures for the nomination and election of staff, parent and student governors which the Clerk administers in the event of a vacancy or a forthcoming vacancy. Subject to the Clerk receiving more than one nomination, elections are held for staff, parent and student governors.

Members of the Corporation are appointed for a term of office not exceeding four years, although they are eligible for re-appointment at the end of that term. The Standing Orders were amended in July 2021 to limit the number of terms of office to two four-year terms, with extensions only permissible in exceptional circumstances.

### Corporation Performance

The Corporation carries out a self-assessment of its own performance annually as part of the Leadership and Management aspect of the College Self-Assessment process. The next Self-Assessment Report will be finalised in December 2023 and it is currently envisaged that Leadership and Management, including Governance will be assessed as Good.

In addition to feeding into the College Self-Assessment, the Corporation conducts a stand-alone in-depth review of its performance annually resulting in a Governance Development Plan (GDP). This is in addition to incorporating Governance into the cycle of work undertaken by the internal auditor, as well as having periodic external reviews, with these undertaken at least every three years in line with the funding agreement and Governance Code. The last, part of the AOC/ETF pilot concluded in July 2021, with the next scheduled for Spring 2024.

The annual self-assessment process is a multistep approach, this includes:

- Each Committee self-assessing against the delegated authority as laid out in its terms of reference and a creating committee improvement plan, overseen by the Governance Committee
- All members completing a short survey outlining what has gone well and needs to improve, then undertaking an annual review meeting with the Chair and Vice Chair. This includes training and development, succession, and a review of the skills audit responses
- All members completing an in-depth self-assessment questionnaire, asking the extent to which they feel the Corporation has complied with each aspect of the Governance Code
- Evidence, including outcomes of the above is collated and provided to the Governance Committee highlighting compliance and non-compliance to each area of the Governance code along with suggested areas for improvement
- The Governance Committee review the evidence and report, agree the strengths, areas for improvement and actions to be addressed in the Governance Development Plan
- The Final Governance SAR and Governance Development Plan are presented to the Corporation for approval alongside the whole college SAR in December

The External Review of 2020/21 was positive, with governance processes, Board composition, structures, and Board interaction considered to be strengths of the Corporation. The reviewer found the Corporation acted with integrity, maintaining a focus on decisions that positively impact students. The action plan sought to maintain and build upon these strengths, whilst increasing strategic focus and emphasising the impact of the work of the Corporation, whilst working with the senior team to improve and reduce the paperwork presented to the Governing Board. A copy of the report and action plan is available on the College website.

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

All actions to address areas for improvement have been completed. The internal process was further improved to ensure it could build upon the findings of the external review, utilising a similar format to ensure trends and internal comparisons.

Associated action plans are the responsibility of the whole Corporation and are overseen by the Governance Committee. The outcomes of any self-assessment or external assurance process is also reported to the Audit Committee.

To address areas for development as a result of the skills audit outcomes and self-assessment process, a training plan was developed and approved by the Corporation. This comprehensive plan offered members a range of opportunities to develop in 2022/2023 through a series of in house and external courses, webinars updates and conferences.

Onsite training offered to all members covered the following topics:

- Health and Safety
- Safeguarding
- the Audit Process
- the SAR Process
- Ofsted and the Skills Bill
- Understanding the Budget

Members were given access to the Governance Development Programme provided by the AOC and ETF, as well as statutory modules on 'Smartlog' on health and safety, safeguarding and GDPR. Members were also invited to attend AOC conferences, given copies of Eversheds legal updates (including webinar details), directed to modules by ACAS, provided with relevant updates and courses from the NGA and Governors for Schools as well as provided with copies of Governance Briefings by the AOC and the SFCA. These opportunities were highlighted to members as part of a standing training item at meetings of the Corporation and via regular newsletters circulated by email.

The Clerk completed the following development activities in 2022/23

- Membership of IoD Governance Professional's Qualification Development Group (including question development training)
- Membership of the EDI focus group
- IoD Governance Professional's Qualification Assessor Training
- ETF Governance Professional's Development Workshops with Kay White
- AOC Networking Events
- AOC Governor's Summit
- Safeguarding Training (internal contextualised presentation, Smartlog module and reading KCSIE)
- DfE Prevent Training
- DfE recommended sexual harassment training for education practitioners
- Internal Conflict Management
- The Essential Trustee (Stone King)
- AOC/Evershed's ONS reclassification webinar
- EDI training (ACAS, ETF, Evershed's, StoneKing, AOC)
- GDPR (SmartLog, ITGovernance, Stone King and ACAS)
- IoD Chairs and Governance Professional's Leadership Programme Alumni event
- H&S: Managing Health and Safety, Fire safety, H&S at Work and DSE Use (SmartLog)
- Board Intelligence (Minute Mastery, Writing Better Board Papers, The Key to an Effective Summary)
- Meeting Local Needs and FAQ on accountability agreements

**Remuneration Committee**

Throughout the year ending 31 July 2023 the college's Remuneration Committee comprised the Chairs of Committees and an independent member with relevant skills and experience to support the work of the Committee. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

The Committee's responsibilities include making recommendations to the Corporation on the remuneration and benefits of the Accounting Officer, other senior postholders and the Clerk to the Corporation. The College has adopted the AoC's senior staff remuneration code in this respect.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

In 2021/2022, the Committee reviewed its decision to adopt the AoC's Senior Staff Remuneration Code, with the Corporation resolving to continue to adopt the Code and principles to ensure it maintains fair and transparent processes in relation to SPH remuneration, including the requirements of the OfS. The Committee reports annually to the Board. Details of remuneration for the year ended 31 July 2023 are set out in note 7 to the financial statements.

### Audit Committee

In accordance with its approved terms of reference, the Audit Committee comprised of up to seven members, which included independent members of the Corporation (excluding the Accounting Officer, Chair of the Corporation and members of the Resources Committee), and up to two co-opted members.

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

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

The Audit Committee also advises the Corporation on the appointment of internal and financial statement auditors and the regularity reporting accountant and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

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

<b>Member</b>	<b>Attendance</b>
Mo Kundi (Independent Governor & Committee Chair)	4/4
Laura Bell (Independent Governor)	3/4
Diane Hutchinson (Independent Governor)	4/4
Carla Kennaugh (Associate of the Audit Committee)	3/4

Appointed with effect from 1<sup>st</sup> September 2023 – Alex Barton

## INTERNAL CONTROL

### Scope of responsibility

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

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

### The purpose of the system of internal control

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



## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

### 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 have been in place for the period ending 31 July 2023 and up to the date of approval of the annual report and 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 and other performance;
- clearly defined capital investment control guidelines; and
- the adoption of formal project management disciplines, where appropriate.

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

### Risks Faced By The Corporation

As detailed within 'Principal Risks and Uncertainties', the College has sought to strengthen its governance processes and has developed and embedded systems of internal control, including financial, operational and risk management, designed to protect the College's assets and reputation. The Corporation continues to utilise internal audit services to support in the identification, management and reduction of risks, with reports analysed by the Audit Committee and summarised to the Corporation.

A risk register is maintained at the College level which is reviewed in full at least annually by the Audit Committee and the Corporation and more frequently where necessary. In addition, high risks are reviewed as a standing item by the Audit Committee, with each Committee presented with details of risks relating to their terms of reference for review and consideration. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

In addition to the assurances of the internal and external auditors, the College participates in regular ESFA Case Conferences and invited the team of the FEC to conduct a diagnostic assessment. This external assurance supports the College Corporation in identifying and mitigating risks, in addition to having a programme of link governors to work directly with staff in key areas across the College to ensure full and accurate information is obtained.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

### Control Weaknesses Identified

The annual review of the Internal Auditors indicated no significant internal control weaknesses or outstanding actions for areas of significant risk.

### Responsibilities under funding agreements

The financial statements, which incorporated all mandatory elements outlined in the College Accounts Direction and OfS Accounts Direction, were reviewed and approved by the Board on 14th December 2022, signed and submitted with the associated documents. Once signed, these were published on the College website.

The Department for Education and Education and Skills Funding Agency introduced new controls for the college on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. The college has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required. The interim return, outlining compliance for the period from 29<sup>TH</sup> November 2022 to 31<sup>ST</sup> March 2023 was submitted to the ESFA in line with the required deadline of 28th April 2023.

### Statement from the audit committee

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

The specific areas of work undertaken by the audit committee in 2022/23 and up to the date of the approval of the financial statements are:

- Assessed the performance of the internal and external audit function
- Appointment of an financial statements auditor (external audit service)
- Received the Financial Statements, including Management Representation Letter, Fraud and Irregularity Report and RSAQ along with the recommendations and advice of the External Auditors and considered the audit outcomes for onward recommendation for approval by the Corporation
- Considered the scope of work of the internal auditors for recommendation to the Board for approval and received the subsequent reports,
- Reports received in 2022/23 included the following reports from the internal auditors:
  - an annual review of 2021/22,
  - a review of recommendations made in 2021/2022 and 2022/23,
  - Internal Audit Report Apprenticeship Delivery Model (including follow up)
  - Internal Audit Report on Cyber Security
  - Marketing and Progression
  - Learner Numbers
  - Student Voice
  - Credit Card
  - Performance Management
- Considered the outcomes and monitored management action against the recommendations
- Received and recommended for approval the Whistle Blowing and Fraud Policies
- Received reports and policies relating to GDPR and data protection
- Received and reviewed updated regulatory information incl. ACOP, FPH, CAD and the considered the implications of the ONS reclassification of colleges
- Received the outcomes of external audits, including LCR devolved funding review and JCQ inspection
- Considered the co-ordination of the auditors
- A review of its Terms of Reference including recommending relevant updates to the Corporation for approval
- Undertook an assessment of the Committee's own performance against its terms of reference
- Recommended to the Corporation the annual report of the Audit Committee

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL****Review of effectiveness**

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

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

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

The Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded in the departments and reinforced by risk awareness training. The Senior Leadership Team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and it receives reports thereon from the Senior Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2023 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the Senior Leadership Team and Audit Committee, and taking account of events since 31 July 2023.

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

Approved by order of the members of the Corporation on 14 December 2023 and signed on its behalf by:-

Signed .....  .....

Chair - P. Walker

Date ..... 14/12/2023 .....

Signed .....  .....

Accounting Officer - M Brabner

Date ..... 14/12/23 .....

**STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

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

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

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

Signed .....  .....

Accounting Officer - M Brabner

Date ..... 14/12/23 .....

**Statement of the chair of governors**

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

Signed .....  .....

Chair – P. Walker

Date ..... 14/12/2023 .....

**STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION**

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

Within the terms and conditions of the Corporation's grant funding agreements and contracts with ESFA, the Corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the Corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice. In preparing the financial statements. The Corporation is required to:

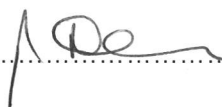
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the college will continue in operation.

The corporation is also required to prepare a Strategic Report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation. The Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the Corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the corporation on 14<sup>th</sup> December 2023 and signed on its behalf by:

Signed ..... 

Chair - P. Walker

Date ..... 14/12/2023

**SOUTHPORT COLLEGE  
INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF SOUTHPORT COLLEGE FOR THE  
YEAR ENDED 31 JULY 2023**

**Opinion**

We have audited the financial statements of Southport College (the 'College') for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2023, and of its income and expenditure, gains and losses and changes in reserves, and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education; and
- meet the requirements of the Accounts Direction issued by the Office for Students ('the OfS Accounts Direction').

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 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 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 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 and Financial Statements, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**SOUTHPORT COLLEGE  
INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF SOUTHPORT COLLEGE FOR THE  
YEAR ENDED 31 JULY 2023**

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

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

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

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

We have nothing to report in respect of the following matters in relation to which the Regulatory Advice 9: Accounts Direction issued by the Office for Students requires us to report to you if, in our opinion:

- where applicable, funds from whatever source administered by the provider for specific purposes have not been properly applied to those purposes and managed in accordance with relevant legislation; or
- where applicable, funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have not been applied in accordance with the relevant terms and conditions; or
- the requirements of the OfS's accounts direction have not been met; or
- the provider's grant and fee income, as disclosed in the note to the accounts, has been materially misstated; or
- the College's expenditure on access and participation activities for the financial year has been materially misstated

**Responsibilities of the Corporation**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation, the Corporation is responsible for the preparation of 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 College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

**SOUTHPORT COLLEGE  
INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF SOUTHPORT COLLEGE FOR THE  
YEAR ENDED 31 JULY 2023**

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and with ISAs (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures response to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing the risks or material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations we considered the following;

- The nature of the College, the environment in which it operates and the control procedures implemented by management and the Corporation; and
- Our enquiries of management and the Corporation about their identification and assessment of the risks of irregularities.

Based on our understanding of the College and the sector we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to;

- Regulations and legislation pertinent to the College's operations;
- Compliance with the Post-16 Audit Code of Practice 2022 to 2023;
- Compliance with the requirements of the Department for Education, Education & Skills Funding Agency and the Office for Students;
- Compliance with the requirements of the Office for Standards in Education.

We considered the extent to which non-compliance might have a material impact on the financial statements. We also considered those laws and regulations which have a direct impact on the preparation of the financial statements, such as the Statement of Recommended Practice - Accounting for Further and Higher Education 2019 and the Post-16 Audit Code of Practice 2022 to 2023.

We evaluated management and trustees' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls), and determined that the principal risks were related to;

- Posting inappropriate journal entries



**SOUTHPORT COLLEGE  
INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF SOUTHPORT COLLEGE FOR THE  
YEAR ENDED 31 JULY 2023**

**Audit response to the risks identified;**

Our procedures to respond to the risks identified included the following;

- Gaining an understanding of the legal and regulatory framework applicable to the College and the sector in which it operates;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management, the audit committee, the internal auditors and legal advisors concerning actual and potential litigation and claims;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Department for Education, Education & Skills Funding Agency, the Office for Students and the Office for Standards in Education;
- In addressing the risk of fraud as a result of management override of controls, testing the appropriateness of journal entries and other adjustments; evaluating rationale of any significant transactions that are unusual or outside the normal course of business; and

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

**Use of our report**

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by Education and Skills Funding Agency and our engagement letter.

Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

*Wylie & Bisset (Audit) Limited*

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**Wylie & Bisset (Audit) Limited**

Statutory Auditor  
168 Bath Street  
Glasgow  
G2 4TP

18<sup>th</sup> December 2023

## **Reporting accountant's assurance report on regularity**

### **To: The corporation of Southport College and Secretary of State for Education, acting through Education and Skills Funding Agency (the ESFA)**

In accordance with the terms of our engagement letter dated 6 September 2023 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Southport College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

#### **Respective responsibilities of Southport College and the reporting accountant**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

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

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

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

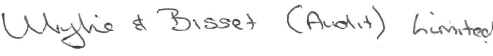
Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

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

### 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 2021 to 31 July 2022 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.

DocuSigned by:  
  
A76FAEF21C0C4C5...  
**Wylie & Bisset (Audit) Limited**  
Statutory Auditors  
168 Bath Street  
Glasgow  
G2 4TP

18<sup>th</sup> December 2023

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 July 2023**

	Note	2023 £'000	2022 £'000
<b>INCOME</b>			
Funding body grants	2	12,870	11,759
Tuition fees and education contracts	3	776	1,305
Other income	4	203	117
Investment income	5	86	21
<b>Total income</b>		<u>13,935</u>	<u>13,202</u>
<b>EXPENDITURE</b>			
Staff costs	6	9,663	9,155
Other operating expenses	8	3,728	3,286
Depreciation	11	1,675	1,561
Interest and other finance costs	9	152	198
<b>Total expenditure</b>		<u>15,218</u>	<u>14,200</u>
<b>DEFICIT BEFORE TAX</b>		<b>(1,283)</b>	<b>(998)</b>
Taxation	10	-	-
<b>DEFICIT FOR THE YEAR</b>		<b>(1,283)</b>	<b>(998)</b>
Actuarial gain in respect of pension scheme	20	<u>1,730</u>	<u>10,184</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>447</u></u>	<u><u>9,186</u></u>

**STATEMENT OF CHANGES IN RESERVES**  
**For the year ended 31 July 2023**

	Income and Expenditure Account £'000	Restricted Reserves £'000	Revaluation Reserve £'000	Total £'000
<b>Balance at 1st August 2021</b>	<b>7,052</b>	<b>13</b>	<b>4,191</b>	<b>11,256</b>
Deficit from the income and expenditure account	(998)		-	(998)
Other comprehensive income	10,184	-	-	10,184
Transfers between revaluation and income and expenditure reserves	160	-	(160)	-
<b>Balance at 31st July 2022</b>	<b>16,398</b>	<b>13</b>	<b>4,031</b>	<b>20,442</b>
Deficit from the income and expenditure account	(1,283)	-	-	(1,283)
Other comprehensive income	1,730	-	-	1,730
Transfers between revaluation and income and expenditure reserves	159	-	(159)	-
Total comprehensive income for the year	606	-	(159)	447
<b>Balance at 31st July 2023</b>	<b>17,004</b>	<b>13</b>	<b>3,872</b>	<b>20,889</b>

**BALANCE SHEET****As at 31 July 2023**

	Note	2023 £'000	2022 £'000
<b>NON CURRENT ASSETS</b>			
Tangible Fixed assets	11	28,729	29,700
Fixed asset investments	12	1,000	1,000
		<u>29,729</u>	<u>30,700</u>
<b>CURRENT ASSETS</b>			
Stock		7	7
Trade and other receivables	13	183	137
Cash and cash equivalents	19	5,378	5,148
		<u>5,568</u>	<u>5,292</u>
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(2,478)</u>	<u>(2,355)</u>
<b>NET CURRENT ASSETS</b>		<u>3,090</u>	<u>2,937</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		32,819	33,637
<b>CREDITORS: amounts falling due after more than one year</b>	15	(11,930)	(11,800)
<b>PROVISIONS</b>			
Defined benefit obligations	20	-	(1,395)
<b>TOTAL NET ASSETS</b>		<u><u>20,889</u></u>	<u><u>20,442</u></u>
<b>RESTRICTED RESERVES</b>		13	13
<b>UNRESTRICTED RESERVES</b>			
Income and expenditure account		17,004	16,398
Revaluation reserve		3,872	4,031
<b>TOTAL UNRESTRICTED RESERVES</b>		<u>20,876</u>	<u>20,429</u>
<b>TOTAL RESERVES</b>		<u><u>20,889</u></u>	<u><u>20,442</u></u>

The financial statements on pages 26 to 44 were approved and authorised for issue by the Corporation on 14<sup>th</sup> December 2023 and were signed on its behalf on that date by:

Signed .....  
Chair - P Walker

Date 14/12/2023.....

Signed .....  
Accounting Officer - M Brabner

Date 14/12/23.....

## STATEMENT OF CASH FLOWS

As at 31 July 2023

	Note	2023 £'000	2022 £'000
<b>Cash flow from operating activities</b>			
Deficit for the year		(1,283)	(998)
<b>Adjustments for non-cash items</b>			
Depreciation	11	1,675	1,561
(Increase)/decrease in debtors	13	(46)	(59)
Increase/(decrease) in creditors due within one year	14	(239)	(17)
Release of deferred capital grants		(504)	(426)
Pensions costs less contributions payable	20	281	605
<b>Adjustments for investing or financing activities</b>			
Investment income	5	(86)	(21)
Interest payable	9	152	198
<b>Net cash flow from operating activities</b>		<u>(50)</u>	<u>843</u>
<b>Cash flows from investing activities</b>			
Investment income	5	86	56
Payments made to acquire fixed assets	11	(704)	(950)
Deferred capital grants received		1,009	179
		<u>341</u>	<u>(715)</u>
<b>Cash flows from financing activities</b>			
Loan interest paid	9	(111)	(29)
		<u>(111)</u>	<u>(29)</u>
<b>Increase in cash and cash equivalents in the year</b>		<u><u>230</u></u>	<u><u>99</u></u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(Decrease) in cash in the year		230	99
Cash and cash equivalents at beginning of the year		<u>5,148</u>	<u>5,049</u>
Cash and cash equivalents at end of the year		<u><u>5,378</u></u>	<u><u>5,148</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 July 2023

#### 1. STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

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

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

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction and in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS102.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

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

The financial statements are prepared in accordance with the historical cost convention as modified by the revaluation of certain fixed assets.

##### **Going concern**

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College currently has £5.4m of cash and short term deposits, a £3.0m loan from the Department for Education outstanding and £17m of reserves. The College's forecasts and financial projections indicate that it will be able to operate for the foreseeable future.

Consequently the Corporation is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared these statements on a going concern basis.

##### **Recognition of income**

###### *Revenue Grant Funding*

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

The recurrent grant from the Office for Students (OFS) represents the funding allocations attributable to the current financial year for Higher Education provision 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.

###### *Capital Grant Funding*

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



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July 2023**

*Fee Income*

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

*Investment Income*

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

*Other Funding Body Income*

Other discrete Funding Body funds received during the year are taken to income in line with the specific terms and conditions attached to each fund to the extent of the completion of the contract or service concerned.

**Accounting for post-employment benefits**

Post-employment benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Merseyside Pension Fund (MPF). These are defined benefit plans which are externally funded.

*Teachers' Pension Scheme*

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

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

*Merseyside Pension Fund (MPF)*

The MPF is a funded scheme. The assets of the MPF are measured using closing fair values. MPF liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

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

**Short term Employment benefits**

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

**Non-current Assets - Tangible fixed assets**

Tangible fixed assets are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 July 2023

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

#### Freehold land and buildings

Land and buildings inherited from the Local Education Authority (LEA) are stated in the balance sheet at valuation at date of transfer on the basis of depreciated replacement cost. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land totalling £1,553,000 is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account 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.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1993 and 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

#### Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated over its useful economic life to the College of 15 to 50 years:

- market value of the fixed asset has subsequently improved;
- assets' capacity increases;
- substantial improvement in the quality of output or reduction in operating costs;
- significant extension of the asset's life beyond that conferred by repairs and maintenance.

#### Equipment

Except for computer equipment, equipment costing less than £500 (exclusive of VAT) per individual item is written off to the income and expenditure account in the period of acquisition.

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

Motor vehicles	3 years
Computer equipment	5 years
General equipment	3-10 years
Furniture and fittings	15 years

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 capital grant account and released to the income and expenditure account over the expected economic life of the related equipment.

#### 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.

#### **Investment Properties**

Investment properties are included in the balance sheet at valuation as determined by Senior Postholders with the assistance of independent professional advice.

#### **Leased assets**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July 2023****1. STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (continued)****Stocks**

Stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

**Cash and cash equivalents**

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

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

**Maintenance of premises**

The cost of day to day and planned maintenance is charged to the income and expenditure account in the period it is incurred.

**Discretionary support funds**

The College acts as an agent in the collection and payment of certain Discretionary Support Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in note 21, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Learner Support Fund applications and payments.

**Taxation**

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation tax purposes.

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

The College is partially exempt in respect of Value Added Tax (VAT), 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 fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

**Contingent liabilities**

In the case of Harper v Brazel 2022, the Supreme Court judges in favour of the appellant which means that calculating holiday pay at a percentage rate is no longer sufficient. However, given the significant implications the Government launched further consultation, which ended on 9<sup>th</sup> March 2023. The Government is now analysing feedback and we will be informed in due course whether the ruling is overturned or not. As there is still uncertainty as to the value of any liability, it has not been practical to estimate the potential liability at this stage (2021-22: £nil).

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July 2023**

**Judgements in applying accounting policies and key sources of estimation uncertainty**

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

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

*Other key sources of estimation uncertainty:*

- **Tangible fixed assets**  
Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- **Local Government Pension Scheme**  
The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2. FUNDING BODY GRANTS**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Education and Skills Funding Agency (Adult)	107	123
Education and Skills Funding Agency (16-18)	9,145	8,023
Education and Skills Funding Agency (Apprenticeships)	1,041	869
Liverpool City Region (Adult)	1,482	1,560
Office for Students (OFS)	32	71
Other funding body non-recurrent grants	566	461
Releases of government deferred capital grants	490	405
Releases of OFS deferred capital grants	7	14
	<u>12,870</u>	<u>11,759</u>

**3. TUITION FEES AND EDUCATION CONTRACTS**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Adult education fees	132	163
Fees for FE loan supported courses	325	468
Fees for HE loan supported courses	319	674
	<u>776</u>	<u>1,305</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 July 2023

**3. TUITION FEES AND EDUCATION CONTRACTS (continued)**

**Details of sources of funding body grants and tuition fees**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Grant income from the OFS	32	71
Grant income from other bodies	12,838	11,688
Fee income for taught awards	319	674
Fee income from non-qualifying courses	457	631
	<u>13,646</u>	<u>13,064</u>

**4. OTHER INCOME**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Non-government capital grants	7	7
Miscellaneous Income	196	110
	<u>203</u>	<u>117</u>

**5. INVESTMENT INCOME**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Other Interest receivable	86	21
	<u>86</u>	<u>21</u>

**6. STAFF COSTS**

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

	<b>2023</b>	<b>2022</b>
Teaching staff	175	181
Non-teaching staff	157	164
	<u>332</u>	<u>345</u>

**Staff costs for the above persons**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	6,938	6,529
Social security costs	618	591
Other pension costs	1,572	1,811
	<u>9,128</u>	<u>8,931</u>
<b>Payroll sub-total</b>	<b>9,128</b>	<b>8,931</b>
Contracted out staffing services	389	111
Staff severance - contractual	146	113
- non-contractual	-	-
<b>Total staff costs</b>	<u><b>9,663</b></u>	<u><b>9,155</b></u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July 2023**

The College paid 16 (2022: 7) severance payments in the year, disclosed in the following bands:

	2023	2022
0 - £25,000	16	6
£25,001 - £50,000	-	1
£50,001 - £100,000	-	-
£100,001 - £150,000	-	-
£150,000 +	-	-

**7. KEY MANAGEMENT PERSONNEL**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team which comprised the Principal (who is also the Accounting Officer), Deputy Principal (until 5 March 2023), Vice Principal – Curriculum and Performance (from 1 January 2023), Vice Principal of Finance & Facilities, Assistant Principal Student Experience & Welfare, Assistant Principal Teaching, Learning & Quality and Assistant Principal - MIS and Apprenticeships.

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

	2023 Number	2022 Number
The number of key management personnel including the Accounting Officer was:	7	8

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

	2023	2022
£0-£5,000	-	1
£15,001-£20,000	-	1
£30,001-£35,000	-	1
£35,001-£40,000	-	-
£40,000-£45,000	1	-
£45,001-£50,000	1	-
£50,001-£55,000	-	1
£55,001-£60,000	2	1
£60,000-£65,000	1	-
£65,001-£70,000	-	1
£70,001-£75,000	-	-
£75,001-£80,000	1	1
£115,001-£120,000	1	1
	<u>7</u>	<u>8</u>

Key management personnel remuneration is made up as follows:

	2023 £000	2022 £000
Salaries	462	437
Benefits in kind	-	1
	<u>462</u>	<u>438</u>
Pension contributions	88	83
	<u>550</u>	<u>521</u>

There were no amounts due to key management personnel that were waived in the year, there is one salary sacrifice arrangement in place for the Principal.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July 2023**

The above remuneration includes amounts payable to the Accounting Officer of Southport College (who is also the highest paid officer) of:

**Mrs M Brabner:**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Salary	122	120
Benefits in kind	3	1
	<u>125</u>	<u>121</u>
Pension contributions	<u>27</u>	<u>28</u>

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

The remuneration package of the senior postholders is subject to annual review by the Remuneration Committee of the governing body who use the AOC Senior Pay Survey for benchmarking information to provide objective guidance. For both 2021/22 and 2022/23 the pay award for senior postholders was the same as for all other staff.

The Principal and Chief Executive reports to the Chair of Governors, who undertakes an annual review of their performance against the college's overall objectives using both qualitative and quantitative measures of performance.

Relationship of Principal's pay and remuneration expressed as a multiple:

	<b>2023</b>	<b>2022</b>
Principal's basic salary as a multiple of the median of all staff	4.57	4.92
Principal's total remuneration as a multiple of the median of all staff	4.58	4.93

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

**8. OTHER OPERATING EXPENSES**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Teaching costs	526	539
Non teaching costs	1,580	1,393
Premises costs	1,622	1,354
	<u>3,728</u>	<u>3,286</u>

Other operating expenses include:

Auditors' remuneration		
Internal audit	15	22
Financial Statements external audit	28	23
Other services from external audit – TPA	1	1
Depreciation	1,675	1,561
Hire of equipment – operating leases	22	42

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 July 2023

**9. INTEREST AND OTHER FINANCE COSTS**

	2023 £'000	2022 £'000
ESFA Loans	111	29
Pension finance costs (note 19)	41	169
	<u>152</u>	<u>198</u>

**10. TAXATION**

The members do not believe the College was liable for any Corporation Tax arising out of its activities during either period.

**11. TANGIBLE FIXED ASSETS**

	Freehold land and buildings £'000	Equipment £'000	Total £'000
<b>Cost or valuation</b>			
At 1 August 2022	45,025	9,795	54,820
Additions	-	704	704
Disposals	-		
	<u>45,025</u>	<u>10,499</u>	<u>55,524</u>
At 31 July 2023	45,025	10,499	55,524
<b>Depreciation</b>			
At 1 August 2022	16,629	8,491	25,120
Charge for the year	1,155	520	1,675
Disposals	-	-	-
	<u>17,784</u>	<u>9,011</u>	<u>26,795</u>
At 31 July 2023	17,784	9,011	26,795
<b>Net book value</b>			
<b>At 31 July 2023</b>	<b><u>27,241</u></b>	<b><u>1,488</u></b>	<b><u>28,729</u></b>
<b>Net Book Value</b>			
At 31 July 2022	<u>28,396</u>	<u>1,304</u>	<u>29,700</u>

Inherited land and buildings at Southport College were valued in March 1993 at depreciated replacement cost by Grimley J R Eve, a firm of independent property consultants. Inherited land and buildings belonging to KGV were valued in 1996 at depreciated replacement cost by independent chartered surveyors from the Property Consultancy Division of Lancashire County Council.

If inherited land and buildings had not been valued they would have been included at the following amounts:

	2023 £'000	2022 £'000
At 31 July 2023 and 31 July 2022		
Cost	-	-
Aggregate depreciation based on cost	-	-
	<u>-</u>	<u>-</u>
Net book value	<u>-</u>	<u>-</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 July 2023

**12. FIXED ASSET INVESTMENTS**

	<b>Investment Properties £'000</b>
<b>Cost or valuation</b>	
At 1 August 2022 & 31 July 2023	1,000
<b>Depreciation</b>	
At 1 August 2022 & 31 July 2023	-
<b>Net book value</b>	<u>1,000</u>
At 1 August 2022 & 31 July 2023	<u>1,000</u>

Investment properties are included in the balance sheet at valuation as determined by Senior Postholders with the assistance of independent professional advice.

If Investment properties had not been valued they would have been included at the following amounts:

	<b>2023 £'000</b>	<b>2022 £'000</b>
At 31 July 2023 and 31 July 2022		
Cost	611	611
Aggregate depreciation based on cost	<u>317</u>	<u>304</u>
Net book value	<u>294</u>	<u>307</u>

**13. DEBTORS**

	<b>2023 £'000</b>	<b>2022 £'000</b>
Trade receivables	17	40
Prepayments and accrued income	78	4
Amounts owed by the Education and Skills Funding Agency	88	93
Amounts owed by other funding bodies	<u>-</u>	<u>-</u>
	<u>183</u>	<u>137</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2023 £'000</b>	<b>2022 £'000</b>
Trade payables	351	582
Other taxation and social security	337	340
Accruals and deferred income	986	1,004
Deferred Income - government capital grants	504	429
Loan Repayable	<u>300</u>	<u>-</u>
	<u>2,478</u>	<u>2,355</u>

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2023 £'000</b>	<b>2022 £'000</b>
Deferred Income – government capital grants	9,230	8,800
Amounts owed to the Education and Skills Funding Agency	<u>2,700</u>	<u>3,000</u>
	<u>11,930</u>	<u>11,800</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 July 2023

**16. CAPITAL AND OTHER COMMITMENTS**

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Commitments contracted for at 31 July	26	-

**17. LEASE OBLIGATIONS**

At 31 July 2023 the College had minimum lease payments under non-cancellable operating leases as follows:

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
<b>Future minimum lease payments due - other</b>		
Not later than one year	22	22
Later than one year and not later than five years	-	22
	<u>22</u>	<u>44</u>
Expiring between two and five years inclusive	<u>22</u>	<u>44</u>

**18. EVENTS AFTER THE REPORTING PERIOD**

There were no post balance sheet events.

**19. CASH AND CASH EQUIVALENTS**

	<b>As at 1<sup>st</sup> August 2022 £000</b>	<b>Cashflows £000</b>	<b>As at 31<sup>st</sup> July 2023 £000</b>
Cash and cash equivalents	<u>5,148</u>	<u>230</u>	<u>5,378</u>

**20. DEFINED BENEFIT OBLIGATIONS**

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pensions Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff which is managed by Merseyside Pension Fund (MPF). Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and the LGPS 31 March 2019.

**Total Pension cost for the year**

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Teachers pension Scheme: contributions paid	944	778
Local Government Pension Scheme:		
Contributions paid	512	484
FRS 102 (28) charge	195	577
	<u>707</u>	<u>1061</u>
Change in contributions payable	-	(28)
<b>Total Pension Cost for Year within staff costs</b>	<u>1,651</u>	<u>1,811</u>

**Teachers' Pension Scheme**

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 July 2023

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 to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222.2 billion giving a notional past service deficit of £39.8 billion.

As a result of the valuation, new employer contribution rates from April 2024 will be 28.6% of pensionable pay, (compared to 23.6% during 2022/23). DfE has paid a teacher pension employer contribution grant of 7.2% which covers the increase in employer contributions from 16.4% to 23.6% from September 2019.

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 £1,256,000 (2022: £1,065,000)

#### Merseyside Pension Fund

The Merseyside Pension Fund is a funded multi-employer defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2023 was £571,000 of which employers' contributions totalled £413,000 (which included £99,000 of deficit recovery contributions) and employees' contributions totalled £158,000. The agreed contribution rates for future years are 20.7% for employers and between 2.9% and 8.5% for employees, depending on salary according to a national scale.

#### Principal Actuarial Assumptions

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

	At 31 July 2023	At 31 July 2022
	%	%
Rate of increase in salaries	4.2	4.2
Future pensions increases	2.8	2.8
Discount rate for scheme liabilities	5.1	3.5
Inflation assumption (CPI)	2.7	2.7

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July 2023**

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 2023</b>	<b>At 31 July 2022</b>
Retiring today		
Males	20.8	20.9
Females	23.3	24.0
Retiring in 20 years		
Males	22.1	22.4
Females	25.1	25.9

The College's share of the assets and liabilities in the scheme were:

	<b>Value at 31 July 2023 £'000</b>	<b>Value at 31 July 2022 £'000</b>
Equities	12,336	10,634
Government bonds	3,579	6,237
Other bonds	1,112	2,328
Property	2,847	2,357
Cash	732	1,495
Other	6,507	5,691
	<u>27,113</u>	<u>28,742</u>
<b>Total fair value of plan Assets</b>		
	<u>(872)</u>	<u>1,286</u>
<b>Actual return on plan assets</b>		

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

	<b>2023 £'000</b>	<b>2022 £'000</b>
Fair Value of plan assets	27,113	28,742
Present value of plan liabilities	24,466	30,137
Restriction of asset	(2,647)	-
	<u>-</u>	<u>(1,395)</u>
<b>Net pensions liability</b>		

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

**Amounts included in staff costs**

	<b>2023 £'000</b>	<b>2022 £'000</b>
Current service cost	676	1,049
	<u>676</u>	<u>1,049</u>
<b>Total</b>		

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 July 2023

**Amount recognised in Other Comprehensive Income**

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Return on pension plan assets	(2,423)	846
Experience gain/(losses) arising on defined benefit obligations	6,800	9,338
<b>Amount recognised in Other Comprehensive Income</b>	<b>4,377</b>	<b>10,184</b>

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

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
<b>Net defined benefit liability in scheme at 1 August</b>	<b>(1,395)</b>	<b>(10,805)</b>
Movement in year:		
Current service cost (net of employee contributions)	(678)	(1,049)
Employer Contributions	397	456
Past service cost	-	-
Net interest on assets	(41)	(169)
Administration expenses	(13)	(12)
Actuarial gain	4,377	10,184
<b>Net defined benefit liability in scheme at 31 July</b>	<b>2,647</b>	<b>(1,395)</b>

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	<b>30,137</b>	<b>38,358</b>
Current Service cost	678	1,049
Interest cost	1,044	609
Contributions by scheme participants	157	151
Actuarial gain	(6,800)	(9,338)
Past service cost	(750)	(692)
<b>Defined benefit obligations at end of period</b>	<b>24,466</b>	<b>30,137</b>

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
<b>Changes in fair value of plan assets</b>		
<b>Fair value of plan assets at start of period</b>	<b>28,742</b>	<b>27,553</b>
Expected return on assets	1,003	440
Actuarial gain	(2,423)	846
Administration expenses	(13)	(12)
Employer contributions	397	456
Contributions by scheme participants	157	151
Benefits paid	(750)	(692)
<b>Fair value of plan assets at end of period</b>	<b>27,113</b>	<b>28,742</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July 2023**

**21. RELATED PARTY TRANSACTIONS**

Owing to the nature of the College's operations and the composition of the board of governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving organisations in which a member of the board of governors may have an interest 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 Governors during the year was £Nil (2022: £Nil). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and College events in their official capacity.

No Governor has received any remuneration or waived payments from the College during the year (2022: Nil).

**22. DISCRETIONARY SUPPORT FUNDS**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Funding body grants – hardship support	188	160
ESFA Bursary and Free Meal support funds unspent	-	-
ESFA unspent balance brought forward	199	209
	<u>387</u>	<u>369</u>
Disbursed to and on behalf of students	(207)	(162)
Administration Costs and Interest	(12)	(8)
	<u>168</u>	<u>199</u>
Balance unspent at 31 July included in creditors	<u><u>168</u></u>	<u><u>199</u></u>

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