CCG | Chichester College Group

Report and Financial Statements

for the year ended 31st July 2022

Key Management Personnel, Corporation Membership and Professional Advisers

Key management personnel

Key management personnel are defined as members of the Group Leadership Team and were represented by the following in 2021/22 and from 1st August 2022:

Andrew Green, Chief Executive & Accounting Officer (from 1st October 2021) and Executive Principal (to 30th September 2021 and seconded to Greater Brighton Metropolitan College from 10th August 2020 to 31st August 2021)

Shelagh Legrave CBE DL, Chief Executive & Accounting Officer (to 30th September 2021)

Julie Kapsalis, Group Managing Director Commercial & Deputy Chief Executive (to 10th April 2022)

Stephen Coulthard, Chief Financial Officer

Victoria Illingworth, Executive Principal & Deputy Chief Executive

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

Paul Riley, Principal, Brighton Met and Haywards Heath Colleges

Helen Loftus, Operational Principal, Chichester College (from 1st August 2022)

Daniel Power, Chief Commercial Officer (from 30th August 2022)

Jonathon Rollings, Chief Operating Officer (from 1st August 2022)

Helena Thomas, Principal, Northbrook and Worthing Colleges (from 1st August 2022)

Corporation Membership

A full list of members of the Corporation is given on page 18 of these financial statements.

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

Professional advisers

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

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

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

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

CONTENTS

Members' Report

OBJECTIVES AND STRATEGY

The members present their report and the audited financial statements for the year ended 31st July 2022.

LEGAL STATUS

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

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

MISSION, VISION AND STRATEGY

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

We do this by:

- Delivering an outstanding quality of education;
- Inspiring young people, building confidence and preparing them for life;
- Training people for new or improved careers;
- Providing opportunities to respond to the skills needs of our local communities and employers;
- Positively welcoming all.

Our Vision

Chichester College Group will remain in the top quartile of colleges for achievement within three years whilst remaining inclusive. It will be first choice for:

- Further education for our local communities;
- Regional businesses;
- International further education.

Chichester College Group has an aspiration to grow and will do this by:

- Consolidating its growth ensuring financial stability whilst remaining innovative and responsive.

Implementation of Strategic Plan

Following the merger with Worthing College in March 2019, the Group's Strategic Plan was updated and approved in July 2019. The Corporation monitors the performance of the Group against this and other plans. The Group's updated strategic objectives are as follows:

- To sustain and promote high quality education which ensures the highest levels of achievement for our students;
- To provide a curriculum relevant for today and the future which equips students with appropriate employability and life skills;
- To engage with employers to supply and upskill their workforce;
- To develop and grow substantial commercial businesses to support the Group's financial health;
- The College community is a fulfilling place to work;
- To create a strong College Group which provides the skills to deliver significant economic benefit to the region it serves;
- The College Group is financially viable in the long term.

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

The Group is committed to observing the importance of sector measures and indicators and uses achievement benchmarking and other relevant data available from the sector to assess its performance. During 2021/22 Tribal were commissioned to provide a comparative analysis of resources across the Group. The Group is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). The Group's financial health was assessed by the ESFA as "Good" for the year 2020/21.

Financial objectives

The Group's financial objectives for 2021/22 were:

- To achieve the budgeted deficit;
- To maintain a positive cash balance throughout the year;
- To achieve the adult education budget allocation.
- Achieve loan agreement financial covenants agreed with lenders as part of the merger plans

The Group exceeded the budgeted deficit for the year. Positive cash balances were maintained throughout the year and loan agreement covenants were adjusted (and met) in year by agreement with Lloyds and Barclays banks.

The ESFA decision to set a higher 2021/22 threshold on delivery of the Adult Education budget allocation has resulted in a shortfall of £1,225,000 this year which will be clawed back in December 2022. This clawback has been provided for in the future cashflow forecast. Any immaterial reduction in the final reconciliation clawback from the ESFA to the amount provided in the accounts will go into the 2022/23 accounts.

COVID-19

Following two consecutive years in 2019/20 and 2020/21 where Group operations and finances were significantly impacted by COVID-19, 2021/22 has seen a return to trading conditions closer to those seen before the pandemic. During 2021/22, commercial areas such as First Steps Childcare, Anglia Examinations and the International business have returned to almost full operations.

The Group continued to access the Coronavirus Job Retention Scheme (CJRS) to support 3 roles which were furloughed during 2021/22 (2020/21 - 88 roles). The CJRS grant drawdown for 2021/22 was £2,000 (£2020/21 £167,000)

RESOURCES

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

Tangible

At 31st July 2022, tangible resources included five main sites, and one leased building at Terminus Road in Chichester.

Financial

The Group has £136,306,000 (2020/21 - £95,676,000) of net assets (including £49,800,000 pension asset (2020/21 - £9,507,000)). This includes long term liabilities of £25,941,000 (2020/21 - £26,413,000).

People

The Group employed an average of 1,529 (2020/21 – 1,494) people (expressed as headcount not full time equivalents), of whom 644 (2020/21 – 627) were teaching staff.

Students

The Group enrolled approximately 16,241 students in 2021/22 (15,264 - 2020/21). The student population includes 6,921 (2020/21 - 6,785) 16-to-18 year old students (or 19 to 24 year old students with an EHC plan), 2,753 apprentices (2020/21 - 2,785), 328 higher education students (2020/21 – 340) and 3,341 classroom based funded adult learners (2020/21 – 2,660). This increase has been supported by the bounce back of the Adult & Community Learning enrolments that had reduced significantly under lockdown and the increase of distance learning through the Groups VRQ programme.

Reputation

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

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

STAKEHOLDERS

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

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

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

DEVELOPMENT AND PERFORMANCE

Financial Results

The Group achieved a deficit before other gains and losses in the year of £(5,354,000) (2020/21 £(6,160,000)), with total comprehensive income of £40,630,000 (2020/21 –income £7,563,000). FRS102 pension adjustments in the year impacted investment income by £107,000 (2020/21 – interest payable of £27,000), staff costs by £5,707,000 (2020/21 - £4,719,000) and actuarial gain in respect of pension schemes by £45,893,000 (2020/21 £13,876,000). These adjustments are shown in the table below.

	2021/22	2020/21
	£'000	£'000
Surplus/(Deficit) before other gains and losses prior to pension	246	(1,414)
Less adjustments related to year end pension valuation:		
Included within staff costs (note 24)	(5,707)	(4,719)
Included within investment income (note 4)	107	-
Included within interest payable (note 9)	-	(27)
(Deficit) before other gains and losses per statutory accounts	(5,354)	(6,160)

Income increased for the group in the year by £6,376,000. Most of the increase came from the funding body grants (mainly 16-19 programme funding), catering and residences and tuition fees in particular within international fees coming from the slow recovery from the COVID-19 pandemic. There is expected to be a clawback of the Adult Education Budget of £1,225,000 (2020/21 £749,000).

Tuition fees and education contracts income increased by £1,157,000 but are still below pre pandemic levels. An improvement was seen in both Education Contracts (£668,000) and tuition fees (£489,000) the latter mainly driven by international fees.

Other income increased this year by £2,431,000 (2020/21 £660,000 increase) to £9,401,000, getting close to pre pandemic levels. The largest increase was in catering and residences (£1,590,000), which ties in with the increase in international tuition fees as confidence returns. The Group's subsidiaries managed to show small aggregated improvement in turnover compared to the previous year (see Group Companies on page 7).

The Group's payroll staff costs (including restructuring costs) increased by £1,901,000 to £49,883,000. This increase includes the FRS102 pension adjustments. Restructuring costs of £55,000 related to 6 individuals in the year. The staff costs includes a £140,000 provision as a consequence of the Harpur Trust v Brazel case.

Other operating expenditure increased by £3,537,000 to £18,845,000. This was partly due to merger costs but also associated with the increase in income to nearly pre pandemic levels. With the continued pressure on funding income, other operating expenditure continues to be tightly controlled, however future years are likely to be impacted by inflationary pressures on raw materials, energy and supply chain issues.

Depreciation and amortisation includes an impairment charge of £250,000 in relation to F Block at the Chichester campus.

The FRS102 pension adjustment for actuarial gain amounted to £77,025,000 (2020/21 - £13,876,000). This has been reduced by £31,132,000 to £45,893,000 for the Gilt Cessation Basis. More detail is provided in note 24. The amended actuarial gain contributed to a positive total comprehensive income for the year of £40,630,000 (2020/21 – £7,563,000), which have been taken to reserves.

Developments

Fixed asset additions during the year amounted to £4,5340,000 (£4,528,000 tangible and £6,000 intangible). This was split between land and buildings acquired of £708,000 (mainly the SEND building), equipment purchased of £797,000, assets in the course of construction of £3,023,000 (including £1,181,000 expenditure from the Strategic Development Fund grants, £119,000 from the HTE grants and £329,000 on the VRF Project), and software (treated as an intangible asset) of £6,000.

Reserves

The Group has accumulated income and expenditure reserves of £136,306,000 (2020/21 - £76,529,000) and cash at bank and in hand balance of £13,001,000 (2020/21 - £11,875,000). Increasing cash balances to enable further development of the Group's infrastructure and campuses remains a priority from an improved operating position for the Group. Unrestricted reserves prior to the Pension reserve adjustment (2021/22 – £49,800,000 asset, 2020/21 - £9,507,000 asset), came to £68,001,000 (2020/21 - £67,022,000).

Sources of Income

The Group has a significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2021/22 the element provided by funding bodies reduced to 74.0% (2020/21 – 77.3%) of the Group's total income, partly due to the recovery from the impact of COVID-19 on commercial and international income.

Group Companies

The Group has two active subsidiary companies, First Steps Childcare Group Limited (FSCG Ltd) and Anglia Examination Syndicate Limited (AES Ltd). The principal activity of FSCG Ltd is the provision of nursery services, whilst AES Ltd principal activity is the establishment and administration of an education syllabus in a number of countries. AES showed an improvement in turnover in the year to from £663,000 in 2020/21 to £909,000, whereas FSCG turnover increased slightly from £2,183,000 in 2020/21 to £2,246,000. Both subsidiaries showed an increase in operating profit. AES operating profit came to £115,000 (2020/21 £57,000 loss) and FSCG showed an operating profit of £398,000 (2020/21 £106,000). The profits generated by the subsidiaries are normally transferred to the Group under gift aid. However, although both subsidiaries continue to feel the impact of COVID-19 on their retained profits it is expected that the profits will be transferred to the Group via Gift Aid. In the current year, the subsidiaries generated the following results before taxation.

	2021/22	2020/21
	£	£
First Steps Childcare Group Ltd – profit before taxation	398,000	106,000
Anglia Examination Syndicate Ltd – profit/(loss) before taxation	115,000	(57,000)

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

Streamlined Energy and Carbon Reporting

The Group is committed to reducing its carbon emissions and has taken the following measures in the year to improve energy efficiency:

- Installed a Variable Refrigerant Flow (VRF) system at Chichester College, to replace the old wet system and gas boilers, which will run off electricity to heat and cool the buildings, at the cost of approximately £1m for the install.

- Installed EV charging points at all sites, and leased 10 electric vehicles for the Group which are due to arrive in October 22, to vastly reduce fuel usage and therefore significantly reduce our overall net carbon figures.

The Group's greenhouse gas emissions and energy use for the period are set out below:

UK Greenhouse gas emissions and energy use date for the period	1st August 2021 to 31st July 2022	1st August 2020 to 31st July 2021
Energy consumption used to calculate emissions (kWh)		
Scope 1 emissions in metric tonnes CO2e		
Gas consumption	1,459.81	1,705.03
Owned transport	24.59	31.90
Total	1,484.40	1,736.93
Scope 2 emissions in metric tonnes CO2e		
Purchased electricity	1,255.78	1,293.32
Scope 3 emissions in metric tonnes CO2e		
Business travel in employee owned vehicles	38.74	27.52
Total gross emissions in metric tonnes CO2e	2,778.92	3,057.78
Intensity ratio		
Metric tonnes CO2e per student/FTE/staff member/floor area	0.029	0.032

Qualification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.

Intensity Ratio

The chosen intensity ratio measurement is Total Floor Area msq

FUTURE PROSPECTS

Future developments

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

The Group has had two successful capital funding applications approved which on completion of the projects have a positive impact on the delivery of the Group Estates Strategy and Masterplans. The first application was a partnership project, led by CCG for an Institute of Technology on the Crawley College site which will see a capital investment on the Crawley site of circa £12m and a target opening date of September 2024. The second application is through the FE Capital Transformation Fund for a new STEM building on the Chichester site with a capital investment of circa £18m, a target opening date of September 2024.

Financial Plan

The Corporation approved a three-year financial plan in July 2022 which sets objectives for the period to 2024.

Treasury policies and objectives

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

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

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

Cash flows and liquidity

Net cash inflow from operating activities remains strong at £4,733,000 (2020/21 £5,810,000). There was a net outflow of cash from investing activities of £2,230,000 (2020/21 - £1,022,000) due to the net investment in fixed assets (see above) after taking deferred capital grants received in account.

The size of the Group's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. By the end of the financial year, cash and cash equivalents increased by £1,126,000 (2020/21 - £3,177,000) to £13,001,000.

Group's bank borrowings at the end of the financial year amount to £5,911,000 (2020/21 - £6,723,000). Three separate borrowings make up the total: a 2008/09 unsecured loan to help finance the professional fees associated with the scrapped LSC era project totalling £173m, a £8m loan secured during 2011/12 to partly finance the new construction centre and animal care buildings and a new loan taken on from the Central Sussex College merger. The Group also has borrowings with the DfE in relation to the merger with Central Sussex College of £2,403,000 (2020/21 - £2,603,000).

The closing cash balance for the year was £13,001,000. Net current assets increased to £2,515,000 (2020/21 - £1,732,000) and is another indicator of activities returning nearer to pre pandemic levels. The Group's target remains to maintain positive working capital cash levels throughout the year. The Group did achieve the amended financial covenants on the loans for 2021/22.

Reserves

The Group has no formal reserves policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the Group's core activities. The Group reserves include £89,000 (2020/21 - £89,000) held as restricted reserves. As at the balance sheet date the Income and Expenditure reserve stands at £117,801,000 (2020/21: £76,529,000). The increase in the 2021/22 reserves is largely attributed to non-cash FRS102 adjustment for the LGPS pension asset.

Going concern

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

Financial plans were developed and submitted to the ESFA by 31st July 2022 on the basis that the entity remains a going concern.

There remains uncertainty ahead in terms of the wider economic conditions for a general further education college group. Brexit and wider political uncertainty provide the greatest areas of exposure for the Group however as a responsive and diversified College Group, CCG is well placed to deliver on the training and retraining agenda to meet the skills shortages across West Sussex and Southeast England.

The ongoing impact of COVID-19 has been incorporated into the current budget and financial plans but has significantly reduced following two challenging years in 2019/20 and 2020/21. Most commercial areas performed better than forecast in 2021/22 and provide a more stable starting point for achieving the 2022/23 budget.

16-18 enrolments for 2022/23 are projecting to exceed allocation. Whilst the 2023/24 allocations are yet to be confirmed, achieving the 2022/23 allocation will have a positive impact on income for 2023/24 given that it accounts for over 52% of the Group income. It is as yet unclear whether the funding rate increase for Colleges within the 2022/23 allocation will be replicated in future years.

Achievement of the Adult Education allocation in 2022/23 remains less certain. Given the ESFA position on the threshold for clawback in 2021/22, it seems highly unlikely this will be eased in 2022/23. The position on adult enrolments is not yet known however if recent years provide a pattern, there will be additional recruitment required in-year.

Growth in Apprenticeships continued in 2021/22 and are budgeted to continue to grow in 2022/23 but at a slower trajectory than in recent years.

Group commercial businesses have recovered well overall following the pandemic. The International and associated Halls of Residences alongside the First Steps and Anglia Examinations trading subsidiaries all performed better than forecast during 2021/22.

The Group currently has £5.9m of bank loans and £2.4m of government loans outstanding with terms negotiated in 2017. Further details are given in note 18. Covenants with both high street banks were adjusted by agreement for 2021/22 and tests were met. All loans were renegotiated as part of the Greater Brighton Metropolitan College merger. The Barclays loans have been reset for a two-year period with bespoke terms aligned to the merger financial plans agreed with the ESFA. Debt restructuring negotiations to support the merged College Group requirements into the medium term will commence within this two-year period. The Lloyds loan covenants were reset at the point of merger also. The Group financial forecasts for the merger show that it will continue to meet its obligations in respect of these as they are expected to fall due.

Accordingly, the Group has an expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

PRINCIPAL RISKS AND UNCERTAINTIES

RISK MANAGEMENT

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

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

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

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

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

Government funding

The Group has considerable reliance on continued government funding through the further education sector funding bodies and through OFS. In 2021/22, 74.0% (2020/21 – 77.4%) of the Group's revenue was ultimately grant funded. This remains proportionately higher than pre-COVID19 levels due to the overall reduction of commercial income. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

- Significant uncertainty remains in the way apprentices are funded, following changes several years ago on the introduction of the Apprenticeship Levy;
- Further reductions in funding (and/or lack of sufficient increases to funding) from Government agencies
- Impact of BREXIT on the recruitment of EU students;

This risk is mitigated in a number of ways:

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

Tuition fee policy

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

This risk is mitigated in a number of ways:

- By ensuring the Group is rigorous in delivering high quality education and training, thus ensuring value for money for students

- Close monitoring of the demand for courses as prices change

Attracting and retaining excellent staff

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

Commercial Income

The Group has a strong reputation internationally and normally attracts circa 900 students to study in Chichester each year. It also has significant commercial income streams including two halls of residence, a sports complex, a farm and many full cost courses. The impact of BREXIT and COVID-19 has significantly impacted these income streams however these areas have recovered more quickly than expected during 2021/22. The Group remains committed to fully recovering and growing its commercial areas.

Capital Strategy

The Group continues to implement the capital strategy on an incremental basis, when funds become available. During 2021/22, there was £4.5m spend on.capital across the Group on a range of refurbishment and key infrastructure projects.

The Group has had two successful capital funding applications approved which on completion of the projects have a positive impact on the delivery of the Group Estates Strategy and Masterplans. The first application was a partnership project, led by CCG for an Institute of Technology on the Crawley College site which will see a capital investment on the Crawley site of circa £12m and a target opening date of September 2024. The second application is through the FE Capital Transformation Fund for a new STEM building on the Chichester site with a capital investment of circa £18m, a target opening date of September 2024. The successful delivery of these major capital schemes should support future student recruitment and lower running costs for the Group as the estate is substantially improved.

Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme surplus/(deficit) on the Group's balance sheet in line with the requirements of FRS 102. The College Group's share is valued as an asset for 2021/22 based upon the actuary's report. At the year end there was a large movement in the overall pension valuation, this was due to sizable changes within the underlying assumptions, in particular increases to the discount rate which has reduced the net present value of the liabilities within the scheme. Given the external economic environment the college is expecting to experience further volatility within the pension scheme in the future. Accordingly the College has taken a prudent approach in valuing the year end position as further described within the accounting policies.

Failure to maintain the financial viability of the Group

The Group's current financial health grade is classified as Good. In recent years, the main challenge to the Group's financial position has been continued under funding of further education. From 2019/20 onwards, COVID-19 has seen a significant reduction in commercial surpluses however 2021/22 has seen a significant recovery of these businesses and their contribution to the reduced Group operating deficit.

This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis;
- Regular in year budget monitoring;
- Robust financial controls;
- Exploring ongoing procurement efficiencies;
- Review of the Group business model in light of COVID-19.

Post-merger risk

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

Key risks exist with the Greater Brighton Metropolitan College merger and relate to delivering on the merger implementation plans agreed by government, maintaining a stable workforce whilst delivering the change and improvement required, ensuring there is sufficient management capacity in the Group, an inability to realise planned efficiency savings and a failure to achieve the growth identified in the merger plans.

KEY PERFORMANCE INDICATORS

Key Performance Indicator	Measure/Target	Actual for 2021/22
16-18 Student number targets	7,034	6,921
Student classroom achievement*	90.0%	83.6%
Apprentice achievement*	67.0%	60.8%
Progression to work, university or further education*	95.0%	92.9%
Earnings before interest, tax, depreciation & amortisation (Management Accounts measure)	£1,792k	£3,806k
OFSTED rating	Outstanding	Outstanding
Staff satisfaction "I am proud to be an employee of Chichester College Group"	>90%	93%
Student satisfaction "My teaching is good"	Above 90%	93%

*National benchmarks have not been updated since 2018/19

Student achievements

Chichester College Group is committed to achieving the best outcome for its students and helping them achieve the qualifications they are studying. For the academic year 2021/22 the achievement rate for Group's classroom based learning was 83.6% (2020/21: 88.6%), including English and Maths. The largest contributing factor to the reduction in achievement rate for the 2021/22 academic year was a 3-percentage point reduction in the retention rate, this can be attributed to the effect of learners struggling to acclimatise to the reintroduction of externally moderated examinations post pandemic.

The Group's apprentice achievement rate was 60.8% (2020/21: 59.8%).

The Group is continuing to implement a number of measures to improve its teaching and learning which include, but are not limited to, teacher development from the professional development unit, student observers, regular student feedback and the use of value added and distance travelled measures to encourage students to achieve their full potential.

OTHER INFORMATION

Public Benefit

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

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

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

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

Equality, Diversity and Inclusion

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

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

Following the merger with GBMET, the focus for the Diversity Steering group has been to audit the provisions across the group and to ensure that the approaches to equality and diversity are consistent. The Steering Group has been reformed to reflect the new group, and is working to develop a new action plan, with priorities established over three years. The Steering group has already committed to taking forward the Group's commitment to disabled applicants under the Disability Confident scheme and has aspirations to be a "leader". The Group also wants to invest in the training provided to all staff in relation to Equality and Diversity.

Gender pay gap reporting

	Year ending 31st March 2022
Mean gender pay gap	9.8%
Median gender pay gap	16.5%
Mean bonus gender pay gap	21%
Median bonus gender gap	21%
Proportion of males/females receiving a bonus	0.11%/0.4%

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

	Males	Females
1 – Lower quartile	21%	79%
2	35%	65%
3	40%	60%
4 – Upper quartile	46.5%	53.5%

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

Disability statement

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

- To install lifts and ramps etc., so that as far as is practicable, all facilities will be accessible to people with disabilities.
- Providing specialist equipment which Colleges within the Group can make available for use by students.
- To take whatever steps it can to ensure that the admissions policy does not discriminate against students with disabilities. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- The Group has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are also learning support assistants across all our colleges who provide a variety of support to learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- Specialist programmes are described in Colleges prospectuses, and achievements and destinations are recorded.
- Bespoke programmes are created for students with significant needs that prevent them from engaging in a full time course.
- Students are made aware of the Counselling, Safeguarding and wellbeing services during induction, this information is reiterated throughout the year through 1:1s with student tutors. Students are also made aware of the Complaints and Disciplinary Procedure during induction.

- Specialist provision for 14-16 year old emotionally based school refusers with SEND to enable a smooth transition into post 16 provision

Trade union facility time

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

FTE employee number	1,136
Percentage of time	**Number of employees**
0%	0
1-50%	9.28 FTE (11 employees)
51-99%	0
100%	0
Total cost of facility time	£22,273.54
Total pay bill	£42,668,130
Percentage of total bill spent on facility time	0.05%
Time spent on paid trade union activities as a percentage of total paid facility time	4.3%

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1st November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1st August 2021 to 31st July 2022, the College paid 95% (2020/21: 94%) of its invoices within 30 days. The Group incurred no interest charges in respect of late payment for this period.

EVENTS AFTER THE REPORTING PERIOD

The Group was named as the preferred partner in a prospective merger with Greater Brighton Metropolitan College. Initial due diligence took place and completed in January 2022. The merger took place on 1st August 2022 and was a type B merger with the Greater Brighton Metropolitan College corporation being dissolved and all trade, assets and liabilities transferring to Chichester College Group on that date at £nil consideration.

DISCLOSURE OF INFORMATION TO AUDITORS

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

Approved by order of the members of the Corporation on 7th December 2022 and signed on its behalf by:

Helen Kilpatrick

Helen Kilpatrick CB

Chair

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the Group's annual report and accounts to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2021 to 31st July 2022 and up to the date of approval of the annual report and financial statements.

Governance Code

The Group endeavours to conduct its business:

i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
ii. in accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"). Whilst not having adopted the UK Corporate Governance Code 2016, the Group has due regard to its principles and guidance.

In the opinion of the Corporation, the Group complies with the provisions of the Code, and it has complied throughout the year ended 31st July 2022. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 21st March 2016.

The Corporation

The members who served on the Corporation during the year 2021/22 and up to the date of signature of this report were as listed in the table below.

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committee Membership	Attendance in 2021/22
Oluwatosin Adebisi	1st August 2022	Until 31st December 2023		Independent Member		N/a
Jeff Alexander	1st January 2019	4 years	3rd October 2022	Independent Member		67%
Dr Roy Bowden	29th March 2019	Until 28th March 2023 (continued term of office from Worthing College Corporation)		Independent Member	Audit & Risk Committee, Worthing and Haywards Heath Quality & Stakeholder Board	100%
Lord Steven Bassam	18th October 2022	Until 31st July 2023		Independent Member		N/a
Martin Colyer	1st August 2022	Until 31st July 2023		Independent Member	Audit & Risk Committee	N/a
Steve Cooper	29th March 2019 Appointed as Vice-Chair from 1st August 2022	Until 16th July 2022 (continued term of office from Worthing College Corporation). Vice-Chair appointment for two years		Independent Member	Finance & General Purposes Committee, Worthing Staff Committee	73%
Jane Dodsworth	1st August 2013, re-appointed 1 August 2017 Appointed as Vice-Chair from 1st August 2019 to 31st July 2022. Reappointed as Governor for one year from 1st August 2022	One year extension from 1st August 2022		Independent Member	Resources Committee, Chichester and Brinsbury Staff Committee, Governance & Search Committee, Remuneration Committee	85%

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committee Membership	Attendance in 2021/22
Keira Embleton	14th October 2021		To the end of her term as Student President, Chichester College	Student Governor	Student Committee	60%
Nick Fox	1st January 2013 Reappointed as Governor for one year from 1st August 2022	One year extension from 1st August 2022		Independent Member	Resources Committee, Audit & Risk Committee, Governance & Search Committee, Remuneration Committee	94%
Andrew Green	14th October 2021	Ex-officio		Chief Executive	Finance & General Purposes Committee, Resources Committee, Governance & Search Committee, Chichester Quality & Stakeholder Board, Crawley Quality & Stakeholder Board, Chichester Staff Committee, Group Student Committee, Crawley Staff Committee, Worthing & Haywards Heath Quality & Stakeholder Board, Worthing Staff Committee	100%
Donna Harfield	1st August 2021	4 years	30th March 2022	Staff Governor		100%
David Jones	1st August 2020	4 years		Independent Member	Chichester and Brinsbury Quality & Stakeholder Board, Chichester	92%

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committee Membership	Attendance in 2021/22
					and Brinsbury Staff Committee	
Helen Kilpatrick CB	1st January 2019 Appointed as Chair for two year term of office from 1st August 2022	4 years (initial term). Two year term of office as Chair		Independent Member	Audit & Risk Committee (as Governor). As Chair, Governance & Search Committee, Remuneration Committee	92%
Shelagh Legrave CBE DL	1st September 2010	Ex-officio	30th September 2021	Chief Executive	Finance & General Purposes Committee, Resources Committee, Governance & Search Committee, Chichester and Brinsbury Quality & Stakeholder Board, Crawley Quality & Stakeholder Board, Chichester Staff Committee, Group Student Committee, Crawley Staff Committee, Worthing & Haywards Heath Quality & Stakeholder Board, Worthing Staff Committee	100%
Richard Moore	1st August 2020	4 years		Independent Member	Chichester Quality & Stakeholder Board	67%
David Russell	1st August 2022	4 years		Independent Member	Brighton & Haywards Health Curriculum & Quality Committee	N/a

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committee Membership	Attendance in 2021/22
Ryan Sallows	1st August 2017, re-appointed from 1st March 2018	4 years from 1st March 2018		Independent Member	Crawley Quality & Stakeholder Board, Crawley Staff Committee	73%
Dr James Sarmecanic	1st August 2017, appointed as Chair from 1st August 2019. Reappointed as Governor from 1st August 2022			Independent Member	Governance & Search Committee, Remuneration Committee	100%
Nick Sutherland	1st August 2018	4 years		Independent Member	Group Student Committee, Finance & General Purposes Committee	73%
Donna Turner-Irwin	1st August 2021	4 years		Staff Governor		78%
Ellen Walsh	1st August 2021	4 years		Independent Member	Finance & General Purposes Committee	50%
Caroline Wood	1st January 2015, re-appointed 1st January 2020	4 years		Independent Member	Worthing & Haywards Heath Quality & Stakeholder Board	67%
Paul Wright	1st August 2013, re-appointed 1st August 2017. Reappointed as Governor from 1st August 2022	One year extension from 1st August 2022		Independent Member	Finance & General Purposes Committee, Governance & Search Committee, Remuneration Committee	88%

*On 1st August 2022 the following Committee changes were made:

- Chichester Quality & Stakeholder Board became Chichester Curriculum & Quality Committee
- Crawley Quality & Stakeholder Board became Crawley & Brinsbury Curriculum & Quality Committee
- Worthing & Haywards Heath Quality & Stakeholder Board became Worthing & Northbrook Curriculum & Quality Committee
- Brighton & Haywards Heath Curriculum & Quality Committee was established.

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

Name	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served
Amy Kensett	20 November 2018	4 years		Co-opted member	Audit & Risk Committee
Zoe Wright	15 October 2020	4 years		Co-opted member	Resources Committee

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 Group together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues.

During the year 2021/22 the Corporation met on ten occasions. Some of these meetings were in addition to usual Corporation business and were convened to deal with matters relating to the merger with GB Met and the appointment of senior post-holders. The Corporation met on the following dates:

- Tuesday, 19th October 2021;
- Wednesday, 8th December 2021;
- Tuesday, 1st February 2022;
- Friday, 18th February 2022;
- Wednesday, 23rd March 2022;
- Wednesday, 6th April 2022;
- Friday, 29th April 2022;
- Wednesday, 25th May 2022;
- Wednesday, 6th July 2022;
- Tuesday, 19th July 2022.

The Corporation conducts its business through a number of committees and boards, each with their own terms of reference, which have been approved by the Corporation. These are the Audit & Risk Committee, Finance & General Purposes Committee, Governance & Search Committee, Remuneration Committee, Resources Committee, Chichester & Brinsbury Quality & Stakeholder Board, Crawley Quality & Stakeholder Board, Worthing & Haywards Heath Quality & Stakeholder Board, Chichester Staff Committee, Crawley Staff Committee, Worthing Staff Committee and Group Student Committee. Minutes of the Corporation meetings, with the exception of business deemed to be confidential by the Corporation, are available on the Group's website at www.chichestercollegegroup.ac.uk or from the Clerk to the Corporation at:

Chichester College Group
Westgate Fields
Chichester
West Sussex
PO19 1SB

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

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

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

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

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

The Corporation, committees and boards continued to meet in line with the scheduled calendar of meetings throughout the pandemic and lockdown periods, with meetings facilitated online.

Appointments to the Corporation

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

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

Corporation Performance

FE corporations have a requirement to undertake an external board review between July 2021 and July 2024 and every three years after that point. Chichester College Group plans to undertake a mock external review in 2023 and the first external board review in July 2024.

The extract from Chichester College Group's Self-Assessment Report 2021/22, which relates to governance is as follows:

- Leaders and Governors successfully promote a shared vision and set of values across the Group which has been core to the planning for merger with GB Met College Group. This is set within an outstanding culture of inclusivity, respect and kindness.

- Governance at Chichester College Group is strong, Governors understand the challenges presented by working as a large College group and, with a range of backgrounds and experience, provide challenge and support the leaders effectively.

- Governors, leaders and staff have sustained high expectations for all learners and apprentices. They provide highly effective support to enable them to achieve their goals and progress to become responsible members of the College and the wider community. Leaders and staff are fully aware of the sustained impact of the pandemic and are working to support the social and emotional well-being of students as well as their academic, vocational and technical development.

The Clerk to the Corporation holds an ICSA Certificate in FE Governance and Professional Diploma in Governance from the Chartered Governance Institute UK & Ireland. During the year 2021/22 the Clerk completed the Group's mandatory training modules for Safeguarding & Prevent and Health & Safety. The Clerk also attended regional and national networking events for FE governance professionals.

During the year 2021/22 Corporation development events covered a range of topics including:

- Safeguarding and Prevent
- the FE Climate Change Roadmap
- Reforms to FE funding and accountability
- Updates on government policy and developments in the FE sector.

The Corporation undertakes an assessment of performance annually in November. Following the review of governance for 2020/21 a number of actions were identified by the Governance & Search Committee in November 2021. These included a review of the senior post-holder performance related pay scheme and focus on succession planning in the light of the merger with GB Met.

Remuneration Committee

Throughout the year ending 31st July 2022, the Group's Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer and the other key management personnel. In 2021/22 the Committee met on the following dates:

- Thursday, 18th November 2021;
- Wednesday, 19th January 2022;
- Thursday, 19th May 2022.

The Corporation adopted the AoC's Senior Post Holder Remuneration Code in July 2019 and complies with the main principles of the Code. The Senior Post Holders within the remit of the Remuneration Committee are the Chief Executive & Accounting Officer, Executive Principal, Chief Financial Officer and Managing Director Commercial.

Details of remuneration for the year ended 31st July 2022 are set out in note 7 to the financial statements.

Audit & Risk Committee

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

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

The Group's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit & Risk Committee.

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

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

The Audit & Risk Committee met three times in the year to 31st July 2022. The members of the committee and their attendance records are shown below:

Committee Member	Meetings attended
Dr Roy Bowden	3
Nick Fox	3
Helen Kilpatrick CB	3
Amy Kensett	3

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the Group's policies, aims and objectives, whilst safeguarding the public funds and assets for which the Chief Executive is personally responsible, in accordance with the responsibilities assigned to the Chief Executive in the Financial Memorandum between Chichester College Group and the funding bodies. The Chief Executive is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Group policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Chichester College Group for the year ended 31st July 2022 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the Group is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the Group's significant risks that has been in place for the period ending 31st July 2022 and up to the date of approval of the annual report and accounts. This process is reviewed each term by the Audit & Risk Committee and the Corporation.

The risk and control framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation.
- Regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts.
- Setting targets to measure financial and other performance.

- Clearly defined capital investment control guidelines.
- The adoption of formal project management disciplines, where appropriate.

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

Risks faced by the Corporation

The Corporation confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Chichester College Group. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Corporation.

The Corporation has an approved Risk Management Policy in place and the identification and evaluation of key risks that threaten achievement of the Group's objectives are carried out under that Policy. Proportional steps are taken to mitigate the identified risks and a register of these risks including detail of the mitigating action taken, is maintained for the College Group.

The College Group holds and maintains a Risk Register which incorporates the organisational and financial risks. The Risk Register lists risks; assesses their impact and their likelihood. The Risk Management Policy sets out the Risk Register format, including the scoring of impact.

The Corporation is responsible for determining the nature and extent of the significant risks they are willing to take in achieving their strategic objectives, taking regard of the overarching risk appetite as set out in the policy. The Corporation is charged with establishing formal and transparent arrangements for considering how they should apply the risk management and internal control principles and monitoring the effectiveness of those.

Control weaknesses identified

The 2021/22 internal audit programme reviewed employment status process (IR35 compliance), risk management, key financial controls, apprenticeship (business development) support, IT disaster recovery control framework and follow up recommendations. In addition, a quality assurance assessment was undertaken of board packs. Two high priority recommendations were identified during the audit of the IT disaster recovery control framework. Actions to address these recommendations have been agreed with the management team.

The 2021/22 external audit identified one Grade C recommendation relating to approval of journals and one Grade C recommendation relating to the College Group's ILR system. Appropriate actions had been identified for both areas.

Responsibilities under funding agreements

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

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

- Having approved policies and procedures in place, such as the Financial Regulations;

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

During 2021/22, all returns/claims required under the funding agreements have been submitted in accordance with the deadlines.

Statement from the Audit & Risk Committee

Based upon a review of the work undertaken by the Internal and External Auditors during the year and subject to limitations placed upon their opinions, the Audit & Risk Committee has concluded that Chichester College Group's systems for internal controls, risk management and governance are adequate and effective and may be relied upon by the Corporation when considering approval of the College Group's financial statements.

The Audit & Risk Committee is satisfied that the Corporation has adequate and effective internal and external audit arrangements.

The specific areas of work undertaken by the Audit & Risk Committee in 2021/22 and up to the date of the approval of the financial statements include termly reviews of the Group's risk registers, reviews of the work undertaken by the internal and external auditors and approval of the internal and external audit plans.

The internal auditors reviewed eight areas during the year 2021/22. The majority of recommendations were rated as low, there were two high rated actions. The Committee was satisfied that actions were in place to address all of the recommendations raised. A further update on progress against the high priority actions was presented to the Committee in November 2022. On the basis of their work the internal auditors concluded that the Group has 'an adequate and effective framework for risk management, governance and internal control...our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective'.

The external audit findings were presented to the Audit & Risk Committee in November 2022. Overall, there was one Grade C recommendation relating to approval of journals and one Grade C recommendation relating to the College Group's ILR system. Appropriate actions had been identified for both areas. The external auditors had confirmed that they 'anticipate issuing an unqualified audit opinion for the year ended 31st July 2022 for the Group and trading subsidiaries'.

Review of effectiveness

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

- the work of the internal auditors;
- the work of the executive managers within the Group who have responsibility for the development and maintenance of the internal control framework;
- comments made by the Group's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

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

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

Based on the advice of the Audit & Risk Committee and the Accounting Officer and taking account of events since 31st July 2022, the Corporation is of the opinion that the Group has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for *"the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets"*.

Approved by order of the members of the Corporation on 7th December 2022 and signed on its behalf by:

Helen Kilpatrick CB	**Andrew Green**
Chair	**Accounting Officer**

Chichester College Group

Statement of Regularity, Propriety and Compliance

As accounting officer I confirm that the corporation has had due regard to the requirements of grant funding agreements and contracts with ESFA and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with 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 terms and conditions of funding, under the corporation's grant funding agreements and contracts with ESFA, or any other public funder.

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

Andrew Green

Accounting Officer

Date: 7. 12. 2022

Statement of the Corporation Chair

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

Helen Kilpatrick

Helen Kilpatrick CB

Chair

Date: 7. 12. 2022

Statement of Responsibilities of the Members of the Corporation

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

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

In preparing the financial statements, the Corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the Group will continue in operation.

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA 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. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the Group's resources and expenditure, so that the benefits that should be derived from the application of public funds from ESFA are not put at risk.

Approved by order of the members of the Corporation on 7th December 2022 and signed on its behalf by:

Helen Kilpatrick CB

Chair

Independent auditor's report to the Corporation of Chichester College Group

Opinion

We have audited the financial statements of the Corporation of Chichester College Group (the 'College') and its subsidiaries (the 'Group') for the year ended 31st July 2022 which comprise the Consolidated Statements of Comprehensive Income, the Consolidated and College Statement of Changes in Reserves, Group and College Balance sheets, Consolidated Statement of Cash Flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is 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 Group and College's affairs as at 31st July 2022 and of the surplus/deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Corporation is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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.

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

In our opinion, in all material respects

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- funds provided by the Office for Students and the Education and Skills Funding Agency have been applied in accordance with the relevant terms and conditions;
- The requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

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

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

We have no matters to report arising from this responsibility.

Responsibilities of the Corporation of Chichester College Group

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Group operates in and how the Group is complying with the legal and regulatory frameworks;

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

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

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

Use of our report

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

MHA MACINTYRE HUDSON

MHA MacIntrye Hudson
Chartered Accountants and Registered Auditor
London, United Kingdom

Date: 20/12/2022

Independent Reporting Accountant's Report on Regularity to the corporation of Chichester College Group and Secretary of State for Education, acting through Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 25 November 2022 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Chichester College Group during the period 1 August 2021 to 31 July 2022 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

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

Respective responsibilities of Chichester College Group and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 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 ESFA. We performed a limited assurance engagement as defined in that framework.

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

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

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

- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 has not been applied to purposes intended by Parliament, that the financial transactions do not conform to the authorities that govern them nor have been improper.

MHA MACINTYRE HUDSON

MHA MacIntyre Hudson
Chartered Accountants and Registered Auditor
London, United Kingdom

Date: 20/12/2022

Statement of accounting policies and estimation techniques

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

General Information

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2021/22* and in accordance with Financial Reporting Standard 102 – *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"* (FRS 102). The Group is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies. The accounts are rounded to the nearest thousand pound sterling, other than where indicated, which is the functional currency of the Group.

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

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the Group and its subsidiaries, First Steps Childcare Group Limited, Anglia Examination Syndicate Limited and Chichester College Group Commercial Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College Group does not control those activities. All financial statements are made up to 31st July 2022.

Going concern

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

Financial plans were developed and submitted to the ESFA by 31st July 2022 on the basis that the entity remains a going concern.

There remains uncertainty ahead in terms of the wider economic conditions for a general further education college group. Brexit and wider political uncertainty provide the greatest areas of exposure for the Group however as a responsive and diversified College Group, CCG is well placed to deliver on the training and retraining agenda to meet the skills shortages across West Sussex and Southeast England.

The ongoing impact of COVID-19 has been incorporated into the current budget and financial plans but has significantly reduced following two challenging years in 2019/20 and 2020/21. Most commercial areas performed better than forecast in 2021/22 and provide a more stable starting point for achieving the 2022/23 budget.

16-18 enrolments for 2022/23 are projecting to exceed allocation. Whilst the 2023/24 allocations are yet to be confirmed, achieving the 2022/23 allocation will have a positive impact on income for 2023/24 given that it accounts for over 52% of the Group income. It is as yet unclear whether the funding rate increase for Colleges within the 2022/23 allocation will be replicated in future years.

Achievement of the Adult Education allocation in 2022/23 remains less certain. Given the ESFA position on the threshold for clawback in 2021/22, it seems highly unlikely this will be eased in 2022/23. The position on adult enrolments is not yet known however if recent years provide a pattern, there will be additional recruitment required in-year.

Growth in Apprenticeships continued in 2021/22 and are budgeted to continue to grow in 2022/23 but at a slower trajectory than in recent years.

Group commercial businesses have recovered well overall following the pandemic. The International and associated Halls of Residences alongside the First Steps and Anglia Examinations trading subsidiaries all performed better than forecast during 2021/22.

The Group currently has £5.9m of bank loans and £2.4m of government loans outstanding with terms negotiated in 2017. Further details are given in note 18. Covenants with both high street banks were adjusted by agreement for 2021/22 and tests were met. All loans were renegotiated as part of the Greater Brighton Metropolitan College merger. The Barclays loans have been reset for a two-year period with bespoke terms aligned to the merger financial plans agreed with the ESFA. Debt restructuring negotiations to support the merged College Group requirements into the medium term will commence within this two-year period. The Lloyds loan covenants were reset at the point of merger also. The Group financial forecasts for the merger show that it will continue to meet its obligations in respect of these as they are expected to fall due.

Accordingly, the Group has an expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

Revenue grant funding

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

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

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

Capital grant funding

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

Fee income

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

Investment income

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

Agency arrangements

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

Accounting for post-employment benefits

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

Teachers' pension scheme (TPS)

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

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

West Sussex Local Government Pensions Scheme (LGPS)

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

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

Actuarial gains and losses are recognised immediately in actuarial gains and losses. Given that an asset has been recognised, an impairment review has been undertaken. Please see Note 24.

NEST pension scheme (NEST)

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

Short term Employment benefits

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

Enhanced Pensions

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

Non-current Assets - Tangible fixed assets

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

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

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

Land and buildings

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

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

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

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

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

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

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

Equipment

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

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

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

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

Non-current Assets - Intangible fixed assets

Intangibles other than Goodwill

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

- Software and websites 3 years

Goodwill

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

Borrowing costs

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

Leased assets

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

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

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

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

Investments

Investments in subsidiaries

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

Other investments

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

Inventories

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

Debtors and creditors receivable/payable within one year

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

Cash and cash equivalents

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

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

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

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

Foreign currency translation

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

Taxation

The Group is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Group is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Group is partially exempt in respect of Value Added Tax, so that it can only recover around 2.9% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

  The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31st March 2019 has been used by the actuary in valuing the pensions liability at 31st July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability. Given that an asset has been recognised, an impairment review has been undertaken. Please see Note 24.

CHICHESTER COLLEGE GROUP

Consolidated Statements of Comprehensive Income for the year ended 31st July 2022

	Notes	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Income					
Funding body grants	1	50,924	50,924	48,278	48,278
Tuition fees and education contracts	2	8,196	8,216	7,039	7,077
Other grants and contracts	3	204	204	169	187
Other income	4	9,401	6,752	6,970	4,345
Investment income	5	107	107	-	-
Donations and Endowments	6	-	-	-	-
Total income		68,832	66,203	62,456	59,887
Expenditure					
Staff costs	7	49,828	47,858	47,684	45,522
Restructuring costs	7	55	55	298	287
Other operating expenses	8	18,845	18,656	15,308	15,127
Depreciation & Amortisation	11-12	5,080	5,048	4,873	4,824
Interest and other finance costs	9	378	377	453	453
Total expenditure		74,186	71,994	68,616	66,213
Deficit before other gains and losses		(5,354)	(5,791)	(6,160)	(6,326)
Gain/(Loss) on investment properties		91	91	(113)	(113)
Deficit before tax		(5,263)	(5,700)	(6,273)	(6,439)
Taxation	10	-	-	(40)	-
Deficit for the year		(5,263)	(5,700)	(6,313)	(6,439)
Actuarial gain in respect of pensions	24	45,893	45,893	13,876	13,876
Total Comprehensive Income for the year		40,630	40,193	7,563	7,437
Represented by:					
Unrestricted comprehensive income		40,630	40,193	7,563	7,437
Restricted comprehensive income		-	-	-	-
		40,630	40,193	7,563	7,437
Deficit for the year attributable to:					
Non controlling interest		-	-	-	-
Group		(5,263)	(5,700)	(6,313)	(6,439)
		(5,263)	(5,700)	(6,313)	(6,439)
Total Comprehensive Income for the year attributable to:					
Non controlling interest		-	-	-	-
Group		40,630	40,193	7,563	7,437
		40,630	40,193	7,563	7,437

All items of income and expenditure relate to continuing activities

CHICHESTER COLLEGE GROUP

Consolidated and College Statement of Changes in Reserves for the year ended 31st July 2022

	Income and Expenditure account £'000	Restrictive reserve £'000	Revaluation reserve £'000	Investment Property Revaluation reserve £'000	Total excluding Non controlling interest £'000	Non Contolling interest £'000	Total £'000
Group							
Balance at 1st August 2020	68,217	89	18,228	1,579	88,113	-	88,113
Deficit from the income and expenditure account	(6,200)	-	-	(113)	(6,313)	-	(6,313)
Other comprehensive income	13,876	-	-	-	13,876	-	13,876
Additions through business combination	-	-	-	-	-	-	-
Transfers between revaluation and income and expenditure reserves	636	-	(321)	(315)	-	-	-
	8,312	-	(321)	(428)	7,563	-	7,563
Balance at 31st July 2021	76,529	89	17,907	1,151	95,676	-	95,676
(Deficit)/Surplus from the income and expenditure account	(5,354)	-	-	91	(5,263)	-	(5,263)
Other comprehensive income	45,893	-	-	-	45,893	-	45,893
Transfers between revaluation and income and expenditure reserves	733		(415)	(318)	-	-	-
Total comprehensive income for the year	41,272	-	(415)	(227)	40,630	-	40,630
Balance at 31st July 2022	117,801	89	17,492	924	136,306	-	136,306
College							
Balance at 1st August 2020	68,514	89	18,228	1,579	88,410	-	88,410
Deficit from the income and expenditure account	(6,326)	-	-	(113)	(6,439)	-	(6,439)
Other comprehensive income	13,876	-	-	-	13,876	-	13,876
Additions through business combination	-	-	-	-	-	-	-
Transfers between revaluation and income and expenditure reserves	636	-	(321)	(315)	-	-	-
	8,186	-	(321)	(428)	7,437	-	7,437
Balance at 31st July 2021	76,700	89	17,907	1,151	95,847	-	95,847
(Deficit)/Surplus from the income and expenditure account	(5,791)	-	-	91	(5,700)	-	(5,700)
Other comprehensive income	45,893	-	-	-	45,893	-	45,893
Transfers between revaluation and income and expenditure reserves	733	-	(415)	(318)	-	-	-
Total comprehensive income for the year	40,835	-	(415)	(227)	40,193	-	40,193
Balance at 31st July 2022	117,535	89	17,492	924	136,040	-	136,040

CHICHESTER COLLEGE GROUP

Balance sheets as at 31st July 2022

	Notes	2022		2021	
		Group	College	Group	College
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	11	109,883	109,847	110,545	110,478
Intangible fixed assets	12	189	189	305	304
Investments	13	-	621	-	621
Pensions asset	24	49,800	49,800	9,507	9,507
		159,872	160,457	120,357	120,910
Current assets					
Stocks		312	312	293	293
Debtors	14	4,963	4,729	3,623	3,527
Investments	15	1	1	1	1
Cash at bank and in hand		13,001	12,581	11,875	11,375
		18,277	17,623	15,792	15,196
Current Liabilities:					
Creditors - amounts falling due within one year	16	(15,762)	(15,959)	(14,060)	(13,846)
Net current assets		2,515	1,664	1,732	1,350
Total assets less current liabilities		162,387	162,121	122,089	122,260
Creditors - amounts falling due after more than one year	17	(25,941)	(25,941)	(26,413)	(26,413)
Provisions					
Other provisions	19	(140)	(140)	-	-
Total net assets		136,306	136,040	95,676	95,847
Restricted reserves					
Income and expenditure reserve - restricted reserve		89	89	89	89
Unrestricted reserves					
Income and expenditure reserve		117,801	117,535	76,529	76,700
Revaluation reserve		17,492	17,492	17,907	17,907
Investment Property Revaluation Reserve		924	924	1,151	1,151
Total reserves		136,306	136,040	95,676	95,847

The financial statements on pages 37 to 67 were approved and authorised for issue by the Corporation on 7th December 2022 and were signed on its behalf on that date by:

Helen Kilpatrick

Helen Kilpratrick CB
Chairman

Andrew Green
Accounting Officer

CHICHESTER COLLEGE GROUP
Consolidated Statement of Cash Flows for the year ended 31st July 2022

	Notes	2022 £'000	2021 £'000
Cash inflow from operating activities			
Deficit for the year		(5,263)	(6,313)
Adjustment for non cash items			
Depreciation		5,080	4,873
Release of Deferred Capital Grants		(1,383)	(1,305)
Gain/(Loss) on investment properties		(91)	113
Increase in stocks		(19)	(19)
Increase in debtors		(1,340)	(642)
Increase in creditors due within one year		1,666	3,865
Increase/(Decrease) in provisions		140	-
Pensions costs less contributions payable		5,707	4,719
Taxation Payable		-	40
Adjustment for investing or financing activities			
Investment income		(107)	-
Interest payable		378	453
Taxation paid		(40)	(27)
(Profit)/Loss on sale of fixed assets		5	53
Net cash flow from operating activities		4,733	5,810
Investing activities			
Proceeds from sale of fixed assets		318	275
Investment income		-	-
Payments made to acquire fixed assets		(4,387)	(5,858)
Capital Grants Received		1,839	4,561
		(2,230)	(1,022)
Financing activities			
Interest paid		(364)	(431)
Interest element of finance lease rental payments		-	(6)
Repayments of amounts borrowed		(1,013)	(1,075)
Capital element of finance lease rental payments		-	(99)
		(1,377)	(1,611)
Increase in cash and cash equivalents in the year		1,126	3,177
Cash and cash equivalents at beginning of the year	20	11,875	8,698
Cash and cash equivalents at end of the year	20	13,001	11,875

1 Funding body grants

	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Recurrent grants				
Education and Skills Funding Agency -Adult	3,888	3,888	3,394	3,394
Education and Skills Funding Agency -16-18	35,725	35,725	34,562	34,562
Education and Skills Funding Agency -Apprenticeships	6,915	6,915	6,857	6,857
Office for Students	311	311	133	133
Specific Grants				
Education and Skills Funding Agency:				
Recommissioning Grant	5	5	245	245
Merger Grant	731	731	-	-
COVID 19 Testing	41	41	154	154
16-19 Tuition Fund	339	339	70	70
Strategic Development Funds	150	150	-	-
Other non recurrent grants	175	175	159	159
Non recurrent grants - Office for Students	95	95	154	154
Teacher Pension Scheme contribution grant	1,166	1,166	1,245	1,245
Releases of deferred capital grants	1,383	1,383	1,305	1,305
Total	50,924	50,924	48,278	48,278

1a Income in relation to Level 4 courses and above

	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Grant income from Office for Students	311	311	133	133
Grant income from other bodies	2,139	2,139	2,435	2,435
Fee income for taught awards (exclusive of VAT)	1,334	1,334	1,520	1,520
Fee income for non qualifying course	341	341	365	365
	4,125	4,125	4,453	4,453

2 Tuition fees and education contracts

	2022		2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	951	964	1,078	1,116
Apprenticeship fees and contracts	153	153	146	146
Fees for FE loan supported courses	885	885	641	641
Fees for HE loan supported courses	1,171	1,171	1,664	1,664
European (excluding UK) students	559	560	366	366
International students fees	1,075	1,081	410	410
Total tuition fees	4,794	4,814	4,305	4,343
Education contracts	3,402	3,402	2,734	2,734
Total	8,196	8,216	7,039	7,077

3 Other grants and contracts

	2022		2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Erasmus	202	202	2	2
Coronavirus Job Retention Scheme grant	2	2	167	185
Total	204	204	169	187

The Group furloughed 4 roles (2021: 88 roles) within it's commercial areas (Nursery, Sports Centre, International, Sales & Marketing) under the government's Coronavirus Job Retention Scheme. The funding received of £2,000 (2021: £167,000) relates to staff costs which are included within staff costs (note 7) as appropriate.

4 Other income

	2022		2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	3,632	4,031	2,042	2,338
Profit/(loss) on disposal of tangible fixed assets	4	4	-	-
Other income generating activities	4,020	954	3,490	586
Other grant income	19	19	96	96
Other and miscellaneous income	1,726	1,744	1,342	1,325
Total	9,401	6,752	6,970	4,345

5 Investment income

	2022		2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Pension finance income (note 24)	107	107	-	-
Total	107	107	-	-

6 Donations and Endowments

The Group's subsidiary companies distribute their profits to the Group as gift aid. Due to losses and insufficient distrutable profits as a result of Covid-19, no profits have been distributed in 2022 (2021: £nil).

7 Staff costs - Group and College

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

	2022 No.	2021 No.
Teaching staff	644	627
Non teaching staff	885	867
	1,529	1,494

Staff costs for the above persons

		2022		2021	
		Group £'000	College £'000	Group £'000	College £'000
Wages and salaries		33,978	32,421	33,003	31,511
Social security costs		3,010	2,904	2,863	2,766
Other pension costs		12,110	11,860	11,052	10,518
Payroll sub total		49,098	47,185	46,918	44,795
Contracted out staffing services		730	673	766	727
		49,828	47,858	47,684	45,522
Fundamental restructuring costs -	contractual	55	55	298	287
	non contractual			-	-
		49,883	47,913	47,982	45,809

All severance costs were approved by the Corporation.

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Group Leadership Team which comprises the Chief Exceutive Officer, Executive Principal & Deputy Chief Executive, Chief Financial Officer, Group Managing Director Commercial, Principal of Crawley College, Principal of Worthing & Haywards Heath Colleges, Principal of Brinsbury & Crawley Colleges & Deputy Executive Principal and Acting Principal of Chichester College. Staff costs include compensation paid to key management personnel for loss of office.

7 Staff costs - Group and College (continued)

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

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

	2022 No.	2021 No.
	8	8

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

	Key management personnel		Other Staff	
	2022 No.	2021 No.	2022 No.	2021 No.
£25,001 to £30,000	1	-	-	-
£60,001 to £65,000	-	-	3	3
£65,001 to £70,000	-	-	4	4
£70,001 to £75,000	-	-	2	-
£75,001 to £80,000	-	-	1	1
£80,001 to £85,000	1	-	-	-
£85,001 to £90,000	-	1	-	-
£95,001 to £100,000	1	-	-	-
£100,001 to £105,000	1	3	-	-
£105,001 to £110,000	2	-	-	-
£115,001 to £120,000	-	1	-	-
£120,001 to £125,000	1	1	-	-
£135,001 to £140,000	-	1	-	-
£155,001 to £160,000	1	-	-	-
£165,001 to £170,000	-	1	-	-
	8	8	10	8

Including part time workers grossed up to full time equivalent and staff on maternity, paternity or sickness leave at their usual rate of pay, 3 members of key management personnel were paid in the £60,001 to £65,000 banding in 2022 (2021: Nil)

Key management personnel emoluments are made up as follows:

	2022 £'000	2021 £'000
Basic Salary	735	889
Performance related pay and bonus	62	49
Benefits in kind	4	5
	801	943
Pension contributions	163	190
Total emoluments	964	1,133

7 Staff costs - Group and College (continued)

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

	2022 £'000	2021 £'000
Basic Salary	149	164
Performance related pay and bonus	15	-
Other including benefits in kind	2	2
	166	166
Pension contributions	34	30
	200	196

During the period 2021/22 there was a change in Accounting Officer. To 30 September 2021 the Accounting Officer was Shelagh Legrave. The remuneration for Shelagh Legrave was determined in February 2017 by Chichester College Group Corporation and has remained the same since that time. The Accounting Officer was not involved in setting their remuneration. The key factor considered by the Corporation in determining the Accounting Officer's remuneration was sector data on the pay of Accounting Officers. Shelagh Legrave's salary was set at a spot point and the remuneration package included a performance related pay scheme of up to ten per cent of the spot salary. However, Shelagh was not eligible for performance related pay for 2021/22 as she left the employment of Chichester College Group.
Andrew Green took the role of Accounting Officer from 1 October 2021. The remuneration for Andrew Green was determined in June 2021. Andrew Green was not involved in setting his remuneration. A number of factors were considered in determining Andrew Green's remuneration, including the new Accounting Officer's experience in his role and sector data on the pay of Accounting Officers. The salary was set at a spot point and included a performance related pay scheme of up to ten per cent of the spot salary.
The performance management scheme comprises four corporate targets and one individual target which was considered by the Remuneration Committee and approved by the Corporation. The corporate targets relate to student and staff satisfaction, financial performance and student achievement. Performance against the targets set under scheme is assessed by the Remuneration Committee who present a recommendation to the Corporation.

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

	2022 No	2021 No
Basic salary as a multiple of median basic salary of staff	7.1	8.1
Total remuneration as a multiple of median total remuneration of staff	7.6	7.9

Compensation for loss of office paid to former key management personnel

	2022 £	2021 £
Compensation paid to the former post-holder	-	10,229
Estimated value of other benefits, including provisions for pension benefits	-	-

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

8 Other operating expenses

	2022		2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	2,846	2,878	2,432	2,473
Non teaching costs	10,294	10,151	7,585	7,430
Premises costs	5,705	5,627	5,291	5,224
Total	18,845	18,656	15,308	15,127

Other operating expenses include:	2022	2021
	£'000	£'000
Auditors' remuneration:		
Financial statements audit		
External: financial statements audit*	84	72
External: taxation compliance services**	2	7
External: courses***	2	
Internal audit****	46	33
Payments to sub-contractors	41	493
Losses on disposal of tangible fixed assets (where not material)	9	53
Depreciation & Amortisation	5,080	4,873
Hire of assets under operating leases	339	462

* includes £80,000 in respect of the College (2020/21 £69,000)
** includes £nil in respect of the College (2020/21 £nil)
*** includes £2,000 in respect of the College (2020/21 £nil)
**** includes £46,000 in respect of the College (2020/21 £33,000)

8a Access and participation spending

	2022		2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Access investment	133	133	121	121
Financial Support to students	20	20	20	20
Disability support	34	34	29	29
Total	187	187	170	170

9 Interest payable - Group and College

	2022		2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
On bank loans, overdrafts and other loans	378	377	420	420
On finance leases	-	-	6	6
Net interest on defined pension liability (note 23)	-	-	27	27
Total	378	377	453	453

10 Taxation - Group only

	2022 £'000	2021 £'000
United Kingdom corporation tax at 19 per cent	-	40
Total	-	40

The tax charge above relates to the Group's trading subsidiary companies. Where possible, taxable profits of the subsidiary companies are paid to the College under gift aid. It is expected that a total tax charge of £39,000 will apply if Gift Aid payments of £250,000, in total, are made by the subsidiaries by 30th April 2023.

11 Tangible fixed assets (Group)

	Land and buildings			Equipment	Assets in the Course of Construction	Total
	Freehold	Investment property	Long leasehold			
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1st August 2021	137,900	1,459	350	11,668	512	151,889
Additions	708	-		797	3,023	4,528
Revaluations	-	91				91
Transfers	303	-		181	(484)	-
Disposals	(33)	(320)		(130)		(483)
At 31st July 2022	138,878	1,230	350	12,516	3,051	156,025
Depreciation						
At 1st August 2021	32,828	-	302	8,214	-	41,344
Charge for the year	3,351	-	20	1,337		4,708
Impairments	250					250
Elimination in respect of disposals	(33)	-		(127)		(160)
At 31st July 2022	36,396	-	322	9,424	-	46,142
Net book value at 31st July 2022	102,482	1,230	28	3,092	3,051	109,883
Net book value at 31st July 2021	105,072	1,459	48	3,454	512	110,545

11 Tangible fixed assets (College only)

	Land and buildings			Equipment	Assets in the Course of Construction	Total
	Freehold	Investment property	Long leasehold			
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1st August 2021	137,887	1,459	144	11,583	512	151,585
Additions	708	-	-	797	3,023	4,528
Revaluations	-	91	-	-	-	91
Transfers	303	-	-	181	(484)	-
Disposals	(33)	(320)	-	(130)	-	(483)
At 31st July 2022	138,865	1,230	144	12,431	3,051	155,721
Depreciation						
At 1st August 2021	32,820	-	144	8,143	-	41,107
Charge for the year	3,349	-	-	1,328	-	4,677
Impairments	250					250
Elimination in respect of disposals	(33)	-	-	(127)	-	(160)
At 31st July 2022	36,386	-	144	9,344	-	45,874
Net book value at 31st July 2022	102,479	1,230	-	3,087	3,051	109,847
Net book value at 31st July 2021	105,067	1,459	-	3,440	512	110,478

Land and Buildings for both campuses were revalued in 2000 at depreciated replacement cost. Land was valued in 2014 at depreciated replacement cost by Medhursts a firm of independent chartered surveyors. These values were retained as deemed cost on transition to FRS 102. Investment properties were valued at fair value as at 31st July 2022 by Medhursts. Fair value being the price that would be received when selling an asset in an orderly transaction between market participants at the measurement date and using assumptions of the market conditions and risk at that date. The carrying value of the investment properties at 31st July 2022, based upon the deemed cost upon transition to FRS102, was £850,000 (2021: £1,072,000).
Fixed assets with a net book value of £17,422,652 (2021: £18,114,436) have been part funded from local education authority sources, £17,307,930 (2021: £17,988,342) and exchequer funds £114,722 (2021: £126,094), through for example the receipt of capital grants. Should these assets be sold, the College would have to use the sale proceeds in accordance with the Financial Memorandum with the ESFA.
The net book value of equipment includes an amount of £nil (2021: £nil) in respect of assets held under finance leases.
The depreciation charge on these assets for the year was £nil (2021: £44,507).
If inherited land and buildings had not been revalued they would have been included at the following historical cost amounts:

	£'000
Cost	Nil
Aggregate depreciation based on cost	Nil
Net book value based on cost	Nil

12 Intangible fixed assets

	Group		College	
	Software	Total	Software	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1st August 2021	691	691	634	634
Additions	6	6	6	6
At 31st July 2022	697	697	640	640
Amortisation				
At 1st August 2021	386	386	330	330
Amortisation for the year	122	122	121	121
At 31st July 2022	508	508	451	451
Net book value at 31st July 2022	189	189	189	189
Net book value at 31st July 2021	305	305	304	304

13 Non current Investments

	2022		2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Investments in subsidiary companies	-	621	-	621
Total	-	621	-	621

Investments in subsidiary companies are as follows:

	2022		2021	
	Group	College	Group	College
	£	£	£	£
First Steps Childcare Group Limited	-	500,500	-	500,500
Anglia Examination Syndicate Limited	-	120,100	-	120,100
Chichester College Group Commercial Limited	-	100	-	100
	-	620,700	-	620,700

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

First Steps Childcare Group Limited was incorporated on 3rd Febuary 1993 and commenced trading on 1st April 1993. The principal business activities are the provision of nursery services. On 24th February 2021, Chichester College Group acquired 500,000 of £1 preference shares at par, which represented 100% of the issued preference shares. The results for the year ended 31st July 2022 have been included in the consolidated financial statements.

The College acquired its interest in Anglia Examination Syndicate Limited on 25 November 1993. The principal activity is the establishment and administration of an education syllabus in a number of countries. On 24th February 2021, Chichester College Group acquired 50,000 of £1 preference shares at par, which represented 100% of the issued preference shares. for the year ended 31st July 2022 have been included in the consolidated financial statements.

Chichester College Group Commercial Limited was incorporated on 11th March 2018 and is a dormant company.

14 Trade and other receivables

	2022		2021	
	Group	College	Group	College
Amounts falling due within one year:	£'000	£'000	£'000	£'000
Trade debtors	1,854	1,474	1,172	903
Amounts owed by subsidiary undertakings	-	431	-	426
Other debtors	430	430	25	25
Prepayments and accrued income	1,771	1,486	1,767	1,514
Amounts owed by the ESFA	908	908	659	659
Total	4,963	4,729	3,623	3,527

15 Current investments

	2022		2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Investment in shares	1	1	1	1
Total	1	1	1	1

16 Creditors: amounts falling due within one year

	2022		2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	827	827	894	894
Funding Body Loans	200	200	200	200
Trade creditors	3,223	3,109	2,637	2,545
Amounts owed to Subsidiary undertakings	-	718	-	222
Corporation tax	-	-	40	-
Other taxation and social security	1,533	1,507	1,434	1,410
Payments received in advance & deferred income	2,042	1,842	2,003	1,961
Accruals	1,223	1,174	1,331	1,251
Other Creditors	660	528	623	465
Deferred income - government capital grants	1,299	1,299	1,317	1,317
Amounts owed to the ESFA	4,755	4,755	3,581	3,581
Total	15,762	15,959	14,060	13,846

17 Creditors: amounts falling due after one year

	2022		2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Bank loans	5,084	5,084	5,829	5,829
Funding Body Loans	2,202	2,202	2,403	2,403
Deferred income - government capital grants	18,655	18,655	18,181	18,181
Total	25,941	25,941	26,413	26,413

18 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2022		2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
In one year or less	827	827	894	894
Between one and two years	689	689	911	911
Between two and five years	3,720	3,720	2,014	2,014
In five years or more	675	675	2,904	2,904
Total	5,911	5,911	6,723	6,723

A bank loan at a fixed rate of 6.645% was renegotiated on 1/8/17 (2022: £2,175,000, 2021: £2,475,000). This loan is secured on the property Westgate Halls at the Chichester Campus. The loan is payable by quarterly instalments up to 31st August 2029.

A bank loan at a floating rate of LIBOR plus 2.75% was renegotiated on 1/8/17 (2022: £3,296,000, 2021: £3,534,000) and was payable by quarterly instalments up to August 2022. As part of the merger with Greater Brighton Metropolitan College (GBMet) on 1st August 2022, this loan was aggregated with loans taken on from GBMet and is repayable within two years from merger date. The above schedule has been calculated on the relevant proportion of the repayments relating to the original pre merged loan. The new loan (from 1st August 2022) is at a floating rate of the Bank of England rate plus 2.75% and secured against Pelham Street campus and Crawley campus.

A bank loan at a fixed rate of 8.25% was negotiated on 1/8/17 in relation to the merger with Central Sussex College (2022: £441,000 respectively, 2021: £714,000). The bank loan is repayable by quarterly instalments up to November 2023. At 31st July 2022 the loan was secured on the Crawley Campus.

18 Maturity of debt (continued)

(c) Funding Body Loans

Funding body loans are repayable as follows:

	2022		2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
In one year or less	200	200	200	200
Between one and two years	200	200	200	200
Between two and five years	600	600	600	600
In five years or more	1,402	1,402	1,603	1,603
Total	2,402	2,402	2,603	2,603

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

19 Provisions

	Group and College			
	Dilapidations	Other Provisions	Defined benefit Obligations	Total
	£'000	£'000	£'000	£'000
At 1st August 2021	-	-	(9,507)	(9,507)
Expenditure in the period	-	140	2,628	2,768
Additions in the period	-	-	(42,921)	(42,921)
At 31st July 2022	-	140	(49,800)	(49,660)

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 24. A provision of £140,000 in relation to additional pay costs arising from Harpur Trust v Brazel case has been made in the year. The provision is based upon two years of relevant pay however the final determination of the relevant number of years may change. It is expected that a payment will be made in the year to 31st July 2023.

20 Cash and cash equivalents

	At 1/8/21 £'000	Cash flows £'000	At 31/7/22 £'000
Cash and cash equivalents	11,875	1,126	13,001
Overdrafts	-	-	-
	11,875	1,126	13,001
Bank loans	(6,723)	812	(5,911)
Funding body loans	(2,603)	201	(2,402)
Current asset investments	1	-	1
Net debt	2,550	2,139	4,689

21 Capital commitments

	2022		2021	
	Group £'000	College £'000	Group £'000	College £'000
Commitments contracted for at 31st July	2,313	2,313	676	676

22 Lease Obligations

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

	2022 £'000	2021 £'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	77	77
Later than one year and not later than five years	47	67
later than five years*	-	4,828
	124	4,972
Other		
Not later than one year	372	292
Later than one year and not later than five years	319	288
later than five years	-	-
	691	580
Total lease payments	815	5,552

*The draft lease showed rent payments commencing on 1st September 2030. The final lease, which was signed in the year will be at a peppercorn.

23 Events after the reporting period

The College merged with Greater Brighton Metropolitan College (GBMet) on 1st August 2022. The merger was classed as a type B merger with the GBMet corporation being disolved and all trade, assets and liabilities transferring to Chichester College Group on 1st August 2022 at £nil consideration. Whilst the financial impact of the merger cannot yet be reliably estimated, a key objective of the merger is financial strength and sustainability. Merger financial plans show that this is forecast to be achieved through the income growth and economies ofscale achieved as a result of the merger.

Following a review by the Office for National Statistics, it has been formally announced, on 29 November 2022, that FE Colleges and their subsidiaries will be reclassified as forming part of central government sector. This reclassification will change the Having reviewed initial guidance from the Department for Education and the Association of Colleges the Governors do not believe this reclassification has an impact on the financial results prepared within these financial statements as conditions arose aft The College will continue to be funded and operate in the manner described within the members report and as such no adjustments have been made in regard to this event and any potential impacts will be recognised in future accounting periods.

24 Retirement benefits

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

Total pension cost for the year		**2022 £'000**		**2021 £'000**
Teachers Pension Scheme: contributions paid		3,709		3,496
NEST: contributions paid		66		21
Local Government Pension Scheme:				
Contributions paid	2,628		2,816	
FRS 102 (28) charge	5,707		4,719	
Charge to the Statement of Comprehensive Income		8,335		7,535
Enhanced pension charge to Statement of Comprehensive Income		-		-
Total Pension Cost for Year - Per note 7		12,110		11,052

Teachers' Pension Scheme

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

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

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament. Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The 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 2019. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.
As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021-22 academic year.
A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.
The pension costs paid to TPS in the year amounted to £3,709,000 (2021: £3,496,000)

Local Government Pension Scheme
The LGPS is a funded defined-benefit plan, with the assets held in separate funds adminstered by West Sussex County Council Local Authority . The total contribution made for the year ended 31 July 2022 was £3,504,000, of which employer's contributions totalled £2,581,000 and employees' contributions totalled £923,000. The agreed contribution rates for current & future years are 2021/22 18%, 2022/23 21.7% (due to the merger with Greater Brighton Metropolitan College) for employers and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

Principal Actuarial Assumptions
The following information is based upon a full actuarial valuation of the fund at 31st March 2019 updated to 31st July 2022 by Hymans Robertson.

	2022	2021
Rate of increase in salaries	3.20%	2.00%
Future pensions increases	2.70%	2.80%
Discount rate	3.50%	1.60%
Inflation assumption (CPI)	2.70%	2.80%
Commutation of pensions to lump sums	50%	50%

24 Retirement benefits (continued)

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

	2022	2021
	years	years
Retiring today		
Males	21.9	22.1
Females	24.2	24.4
Retiring in 20 years		
Males	22.8	23.1
Females	25.9	26.1

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

	Fair Value at 31st July 2022	Fair Value at 31st July 2021
	£'000	£'000
Equities	98,374	107,871
Bonds	74,850	74,681
Property	34,217	16,596
Cash	6,416	8,298
Total market value of assets	213,857	207,446
Actual return on plan assets	6,026	33,545

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

	2022	2021
	£'000	£'000
Fair value of plan assets	213,857	207,446
Present value of plan liabilities	(132,498)	(197,417)
Present value of unfunded liabilities	(427)	(522)
Gilt cessation basis impairment charge	(31,132)	-
Net pensions asset	49,800	9,507

24 Retirement benefits (continued)

Local Government Pension Scheme (Continued)

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

	2022	2021
	£'000	£'000
Amounts included in staff costs		
Current service cost	8,309	7,554
Past service cost	8	27
Total	8,317	7,581
Amounts included in investment income		
Net interest income/(expenditure)	107	(27)
	107	(27)

Amounts recognised in Other Comprehensive Income

	2022	2021
	£'000	£'000
Return on pension plan assets	2,706	31,118
Experience losses arising on defined benefit obligations	(486)	2,428
Changes in assumptions underlying demographics	791	(435)
Changes in assumptions underlying the present value of plan liabilities	74,014	(19,235)
Gilt cessation basis impairment charge	(31,132)	-
Amount recognised in Other Comprehensive Income	45,893	13,876

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

	2022	2021
	£'000	£'000
Surplus/(Deficit) in scheme at 1st August	9,507	377
Movement in year:		
Current service cost	(8,309)	(7,554)
Employer contributions	2,575	2,827
Past service cost	(8)	(27)
Contributions in respect of unfunded benefits	35	35
Net interest on the defined (liability)/asset	107	(27)
Actuarial gain or loss	45,893	13,876
Net defined benefit asset/(liability) at 31st July	49,800	9,507

24 Retirement benefits (continued)

Local Government Pension Scheme (Continued)

Asset and Liability Reconciliation

	2022	2021
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	197,939	172,645
Current Service cost	8,309	7,554
Past Service cost (including curtailments)	8	27
Interest cost	3,213	2,454
Contributions by Scheme participants	920	964
Experience gains and losses on defined benefit obligations	486	(2,428)
Changes in demographic assumptions	(791)	435
Changes in financial assumptions	(74,014)	19,235
Estimated benefits paid	(3,110)	(2,912)
Unfunded benefits	(35)	(35)
Defined benefit obligations at end of period	132,925	197,939

	2022	2021
Reconciliation of Assets		
Fair value of plan assets at start of period	207,446	173,022
Interest on plan assets	3,320	2,427
Contributions by Scheme participants	920	964
Employer contributions	2,575	2,827
Contributions in respect of unfunded benefits	35	35
Estimated benefits paid	(3,110)	(2,912)
Unfunded benefits paid	(35)	(35)
Return on plan assets	2,706	31,118
Assets at end of period	213,857	207,446

25 Related party transactions

The total expenses paid to or on behalf of the Governors during the year was £434; 4 governors (2021: £24; 1 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity. No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2020: none).

Gatwick Diamond Business - a company in which a Governor, Jeff Alexander, is Chief Executive. Transactions totalling £8,856 (2021: £2,784) relating to membership fees and alumni lunch were bought by the Group and transactions totalling £1,413 (2021: £nil) relating to hospitality were sold by the Group. There were no amounts outstanding at the balance sheet date. All transactions were on an arm's length basis.

Smitten Ltd - a company in which the Group's Chief Executive, Andy Green, is a director. Transactions totalling £40 (2021: £nil) relating to sponsorship of the Group's annual awards. There were no amounts outstanding at the balance sheet date. All transactions were on an arm's length basis.

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

	2022	2021
	£	£
Payroll costs including participation in a defined benefit plan	549,046	511,764
Settlement of liabilities on behalf of the entity or by the entity on behalf of another party	11,154	48,095
Amounts owed by subsidiary undertakings	430,974	426,155

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

	2022	2021
	£	£
Payroll costs including participation in a defined benefit plan	86,066	1,268,867
Allocation of central costs	85,000	65,000
Settlement of liabilities on behalf of the entity or by the entity on behalf of another party	168,165	158,214
Amounts owed to Subsidiary undertakings	717,989	222,192

26 Amounts disbursed as agent

Learner support funds

	2022	2021
	£'000	£'000
Balance brought forward	213	330
Funding body grants - discretionary learner support	871	760
Funding body grants - residential bursaries	27	27
Funding body grants - Free School Meals	108	136
	1,006	923
Disbursed to students	(1,034)	(990)
Administration costs	(51)	(50)
Balance unspent as at 31st July, included in creditors	134	213

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.