

SOUTH ESSEX COLLEGE OF FURTHER AND HIGHER EDUCATION

**Report and Financial Statements
for the year ended 31 July 2024**



Key management Personnel, Board of Governors and Professional advisers

Key management personnel

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

Denise Brown - Principal and CEO; Accounting officer

Zohayb Mohammed - Vice CEO; Chief Financial Officer (appointed Sept 23)

Ansar Mahmood – Vice CEO; Chief Information Officer

Adam Fahey – Deputy CEO Curriculum & Quality

Jayne Sheehan - Vice CEO Innovation

David Hughes - Chief Operating Officer (leaver Aug 24)

Board of Governors

A full list of Governors is given on page 21 of these financial statements

Company Secretary

Lana Jackman

Professional advisers

Financial Statements auditor and reporting accountants:

MHA
6th Floor
2 London Wall Place
London
EC2Y 5AU

Internal Auditor:

Scrutton Bland
Fitzroy House
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Banker:

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Strategic Report

NATURE, OBJECTIVES AND STRATEGIES:

The members of South Essex College of Further and Higher Education (SEC) present their report and the audited financial statements for the year ended 31 July 2024.

These statements also include the results of the College's wholly owned subsidiary businesses, South Essex Commercial Services Ltd, Prospects Learning Foundation Ltd, Prospects Training Solutions Ltd, Backstage Centre Ltd, and 67% share of the assets and liabilities of Essex Shared Services Ltd which is a Joint Venture with Chelmsford College. These constitute the South Essex College Group (SECG).

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting SEC. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011. In November 2022, the College was reclassified as a central government entity by the Office of National Statistics, along with all other further education colleges. The College continues to be regulated by the Secretary of State for Education.

Strategic Plan

SEC is the largest provider of technical and vocational education and training for 16–18-year-olds, adults and apprenticeship provision within Greater Essex. The College published its Strategic Plan for 2023-2027 in March 2023 to ensure that we realise our vision to be at the heart of community transformation.

Mission

'Working together, the College will provide knowledge, education and skills development for all.'

Core Values

- **We are a community of professionals** inspiring our learners to be extraordinary in all they do
- **We are accepting and encouraging** of all who come through our doors
- **Stimulated by modernity**, we are diverse in thought, identity and aspiration
- **We are powerful and ambitious** as individuals and powerful together. We encourage performance to the peak of ability
- **To build resilience, we provide a tough love environment** supporting each other and our learners to thrive in all situations.

The college will achieve our vision through five strategic goals, each of which has a series of strategic projects designed to deliver the targets:

1. We will provide teaching and learning that expands learners' horizons and enables them to achieve the qualifications they need to give them lifetime choices;
2. We will attract and retain the best and diverse people and become an employer of choice.
3. We will become sustainable across financial, technological and environmental strands
4. We will build our brand equity to increase our markets and influence, and add social value across Essex and the East of London; and
5. We will collaborate across education, community and employers to find innovative solutions to achieve our shared goals

Our strategic targets are set in our Corporate Plan.

Public Benefit

The corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting South Essex College. The college is an exempt charity for the purposes of Part 3 of the Charities Act 2011. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 21.

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

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

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPs)

Resources

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

The College employs 804 people (expressed as full-time equivalents), of whom 305 are teaching staff. The College enrolled approximately 8,335 students. The college's student population includes 4,439 16-to-18 year-old students, 691 apprentices and 535 higher education students.

The College has £90.6 million of net reserves and long-term debt of £23.1 million. During the year the College had tangible resources comprised of sites throughout the area.

Stakeholders

The College has many stakeholders including:

- its current, future and past students;
- its staff and their trade unions;
- the employers it works with;
- the professional organisations in the sectors where it works;
- its partner schools and universities; the wider college community;
- its local borough councils;
- the DfE, ESFA, OfS and other funding bodies.

CURRICULUM REVIEW

The SECG strategic plan for 2023 to 2027 sets out the Group's ambition to be central to the transformation of our communities, enabling everyone to achieve their potential. The key drivers for the SECG curriculum are:

To provide teaching and learning which expands learners' horizons and enables them to achieve the qualifications they need to give them lifetime choices

SECG received a monitoring visit from Ofsted in February 2024 to evaluate the progress that has been made in resolving the main areas for improvement identified at the December 2022 inspection. Inspectors concluded that SECG had made reasonable progress on two themes and significant progress on one by:

- Taking suitable action to improve the quality of teaching and learning; putting in place extensive professional development to improve classroom practice; carrying out thorough observations of the quality of teaching and learning
- Working highly effectively to improve the curriculum for students with high needs on discrete programmes; introducing a new course which prepares students for the world of work; planning the curriculum so that students learn topics in an appropriate order; identifying students' personal learning goals.
- Developing a range of activities that broaden students' and apprentices' interests; increasing the proportion of students who take part in a wide range of enrichment activities; improving the careers advice and guidance available for students and apprentices

The report also concluded that the proportion of students aged 16 to 18 and apprentices that achieve their qualifications in 2022/23 overall remained low particularly at Entry and Level 1. SECG recognised this and committed at the beginning of 2023/24 to making a big stride forward. As a consequence of changes to the curriculum, management, quality assurance and monitoring processes, and a committed connection to our local communities, the Group has posted the best results for all learners at all levels in its recent history. Senior leaders set performance targets of 84% for overall learner achievement, 91% for Adults and 80% for 16-18s. Those targets have all been surpassed. At 04/10/24, overall achievement for 23/24 is 89.1%, 93.6% for Adults and 83.3% for 16-18s. With no outcomes outstanding, 2023/24 overall achievement is up by 6.2% on the previous year, up 9.0% for 16-18s, and 3.6% for Adults. Outcomes for learners at South Essex Colleges Group have exceeded the latest GFE national averages (2022/23) at all levels and age groups. Outcomes for apprentices in all age groups have shown significant increase on previous years and are now above the latest national averages. Overall outcomes have increased by 26.9%, 16-18s by 9.5%, 19-23s by 8.4% and 24+ by 53.5%.

To collaborate across education, community and employers to find innovative solutions to achieve our shared goals

The Strategic Plan 2023-2027 is informed throughout by collaborative and well-established relationships with a comprehensive range of local and regional stakeholders. It is through these relationships that we meet local and regional skills needs and position the Group as the heart of community transformation. Through a continuous process of engagement with employers, stakeholders and local representative groups we strive to ensure that the curriculum we offer is responsive, informed by labour market intelligence and provides our learners with progression pathways into meaningful and sustainable employment. There is an increased expectation at SECG that curriculum Schools are proactive in their engagement with employers and community stakeholders and actively seek out opportunities to broaden their learners' experience. South Essex Colleges Group is proud of its ability to identify and respond to specific occupational priorities through working directly with employers.

To build our brand equity to increase our markets, our influence and to add social value across Essex and the East of London

SECG has expanded its sub-contracted delivery into the East of London with Knights Academy which has a large sports curriculum similar to that at Southend City College. SECG is offering the HNC in Community Coaching which has been offered to Knights Academy students for their progression into higher level qualifications. In Ilford a partnership with the London College of Business Studies has enabled SECG to expand its higher level offer through their HNC in Leadership and Management. LCBS staff have supported colleagues at SECG preparing to deliver the HTQ in Leadership and Management at the South East Institute of Technology. The localised structure of South Essex Colleges Group has enabled each College to build strong relationships and collaborative links with a wide range of external stakeholders including key local employers and the local community. Senior Leaders and managers work with local employers and stakeholders to recognise the skills required for the future and to identify how to shape the curriculum moving forward. At Southend City three employer forums took place in 2023/24 to reinforce relationships and facilitate industry placements. Examples of collaborative

employer-driven projects include Creative Media students producing a Christmas advert for Colchester Zoo and Travel and Tourism students developing a City Centre Map with Southend Council. Heads of School access the resources of Inspiring the Future to enhance the opportunities for guest speakers to provide learner with valuable industry insights and work with them on employer set projects. At Thurrock College Health and Care work closely with the NHS Health and Care Academy Manager to ensure our curriculum is current and aligns with the local and national need. The Construction and Building Services department work with a number of local trade employers to ensure the delivery of up to date industry practice and methods. Local Plumbing professionals Multipipe Ltd met with Level 1 and 2 learners to ensure they are aware of advances in commercial and domestic piping products. The Basildon Colleges work extensively with a range of employers on collaborative projects at all three campuses including Morgan Sydell, Toomey Group (Automotive), Sharp/NEC, Thames Clippers, DP World ports, Proctor and Gamble, GK Engineering and Design, B&Q and Jaguar Land Rover.

At Thurrock College the newly appointed Principal invited representatives of the local community including the Rotary Club, the Leader of the Council, local Police and Council community safety officers, and volunteering services to a stakeholder engagement event. The purpose was to capture delegates' perceptions of the College and gather input into its future direction. The foundation has been set for future collaboration and strengthening the College's relationship with the local community. The Principal sits on the 14-15 Thurrock Strategy Group Meeting, the 14-25 Thurrock SEND strategy Group Meeting and the Economic Development and Skills Partnership. The Basildon Colleges have engaged extensively on collaborative projects with local schools, high needs providers and the local council including Woodlands School, Basildon Upper Academy, Endeavour School (SEN) and the Happy Hub. Leader and managers at Basildon sit on a range of community and industry groups including British Association of Construction Heads (Southeast and London), the Society of Motor Manufacturers and Traders (SMMT), Basildon Construction Skills Group and the Estuary Festival. The Principal of Southend City sits on a range of representative forums including Southend City Business Improvement District (BID)Partnership, Southend City Forum Business Partnership, Southend Community Safety Committee, Southend Education Board and the Southend Community Safety Partnership Board.

Curriculum achievements

Since December 2022, the South Essex Colleges Group has systematically addressed the areas of weakness identified in its self-assessment and by Ofsted at the last full inspection. This has been achieved by bedding down our organisational structure, refreshing our strategy, recruiting talented and expert managers to deliver the strategy, including actions to reduce staff turnover, develop the teaching and learning skills of staff, improve our monitoring of learner progress and implement timely interventions to support learner achievement. These systemic changes coupled with the tireless efforts of staff throughout the organisation exemplify our commitment to our first Strategic Goal: to provide teaching and learning which expands learners' horizons and enables them to achieve the qualifications they need to give them lifetime choices. It is SECG's position that as a cumulative consequence of hard work, clarity of purpose and tough decision making, a quantum jump was made in 2023/24 and that the Group is now a training provider which reflects the ambitions of our communities and of which they can be proud. The great majority of what we now offer is very good, in some instances, it is better than good. This statement was endorsed by the full enhanced Ofsted inspection of October 2024 which graded SECG as Grade 2 (Good) in all areas and overall.

Learner achievement 2023/24

Apprentices	Overall Achievement (%)			NART* (%)
	2021/22	2022/23	2023/24	
16-18	45.8	50.5	60.0	56.3
19-23	57.5	50.5	58.9	58.9
24+	29.9	25.9	79.4	51.6
Overall	44.2	39.3	66.2	54.1

	23-24 Starts	23-24 Ach*	23-24 Pass	23-24 Ret	22-23 Ach*	21-22 Ach*	22-23 NARTS*
Overall	18,103	89.1%	92.4%	96.3%	82.9%	82.1%	84.2%
Ex. E & m	14,043	92.7%	95.0%	97.5%	86.8%	85.8%	NA
16-18							
Entry	668	82.8%	89.3%	92.7%	69.7%	62.3%	80.6%
Level 1	1,596	80.0%	87.3%	91.6%	55.8%	67.1%	80.6%
Entry/L1	2,264	80.8%	87.9%	91.9%	60.4%	64.9%	80.6%
Level 2	3,655	81.3%	86.5%	94.0%	77.1%	75.4%	80.1%
Level 3	2,000	89.7%	94.7%	94.8%	81.0%	79.9%	83.0%
Level 4	21	76.2%	94.1%	81.0%	74.4%	87.5%	86.5%
Overall	7,940	83.3%	89.0%	93.6%	74.3%	75.1%	81.4%
19+							
Entry	540	77.6%	82.2%	94.4%	73.7%	82.9%	89.0%
Level 1	5,959	96.7%	97.0%	99.7%	96.2%	94.7%	89.0%
Entry/L1	6,499	95.1%	95.8%	99.3%	93.2%	92.1%	89.0%
Level 2	3,392	91.3%	93.5%	97.7%	86.5%	85.1%	84.1%
Level 3	154	79.9%	91.8%	87.0%	77.0%	76.1%	77.4%
Level 4	45	73.3%	82.5%	88.9%	75.0%	79.2%	72.9%
Overall	10,163	93.6%	95.0%	98.5%	90.0%	88.5%	86.8%

*Ach – Achievement

*NARTS – National Achievement Rates

FINANCIAL REVIEW

Financial objectives

DfE measure financial health of each college through three Key Performance Measures and an overall financial health score. The College financial score for the financial year ending 31st July 2024 is “requires improvement” mainly due to the level of historic debt and legacy capital programme which has now completed. With the capital programme complete, the College has no unfunded capital commitments, which will allow the cash reserves to grow and stabilise the financial position. The College is working to maintain a score of “requires improvement” to 2026, through first managing the current ratio and cashflow and reducing the debt over time.

Table: financial health performance 2023-24

Key performance Indicator	Measure/Target	Outturn July 2024	Outturn July 2023
Deficit as a % of Turnover	-2%	-1.20%	-4.33%
Pay expenditure as a percentage of income	63.2%	62.1%	62.4%
Minimum cash balance at year end	£2.80m	£2.57m	£1.30m
Adjusted Current Ratio*	>1.5	0.61	0.49
Earnings Before Interest, Depreciation and Tax (EBITDA) as a percentage of income*	>8%	6.56%	6.36%
Borrowing as a percentage of income*	<20%	38.38%	39.71%
Financial health (based on measures annotated with *)	Good	Requires improvement	Requires improvement

Financial results

The Group generated a deficit before other gains and losses in the year of £551k (2023: £2,975k).

The Group has accumulated reserves of £90,655k (2023 £92,978k) and cash and short term investment balances of £2,569k (2023: £1,303k).

Tangible fixed asset additions during the year amounted to £3,192k (2023: £6,889k) a significant reduction on the prior year as the capital programme was completed.

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In year, the FE funding bodies provided 75% (2023: 76%) of the Group's total income.

The College has four 100% owned subsidiary companies, South Essex Commercial Services Ltd, Prospects Learning Foundation Ltd, Prospects Training Solutions Ltd and Backstage Centre Ltd. Their results are consolidated into this set of financial statements, and each produces its own accounts, filed at Companies House.

As at 31 July 2024 Prospects Learning Foundation Ltd and Prospects Training Solutions Ltd have moved to a dormant position with the assets and liabilities transferred to the College. In addition Essex Shared Services limited (ESS) transferred its operations, assets and liabilities to Chelmsford College and South Essex College Group on a 33/67 split on 31 July 2024 at which point ESS ceased operations.

Treasury policies and objectives

The College's treasury management policy is published on the College website. Cash is deposited with commercial banks, but no investments are made externally.

Cash flows and liquidity

Net cash inflow from operating activities was £5,433k. There was a net outflow of £3,192k on investing activities and £975k on financing activities, resulting in an increase in cash equivalents at the year-end of £1,266k (2023: £1,662k decrease).

Reserves Policy

The College provides further, higher and adult technical and vocational education, including apprenticeship training. The majority of revenue is received from government and other public funding, based on prior year student numbers. The remainder of income comes from fees charged to learners or employers, primarily for adult and apprenticeship training, or from the commercial exploitation of the College's estate. These funds are channelled solely for the provision of education services and related operations. The reserves policy reflects the annularity of funding, along with the lagged nature of grant determination, which require a baseline contingency. The Board has set the following principles for managing reserves:

- To hold sufficient revenue reserves to meet immediate commitments and cashflow. The Board has determined that this should be set at 25 cash days. This equates to approximately £3 million at all times;
- To build additional capital and revenue reserves over time to deliver the College's strategic plan, including investment in the estate and IT infrastructure, growth and delivery of the curriculum provision, and service debt. The College is subject to a limit of investing £2million per annum in capital projects from reserves. This excludes future grant funding for projects; and
- To realise sufficient capital to meet loan principal obligations from future operating surpluses and the realisation of proceeds from sale of excess estate.

This policy is for the duration of the College corporate plan, which covers the period 2023 to 2027, but will be reviewed on a biennial basis. At this stage, the College does not meet these targets, and so the policy is designed to support the College strengthen its financial health and build for the future, and therefore drives budget setting.

Capital reserves reflect the estate and asset base, and the associated part-government funding. Whilst the College has the right to reinvest the proceeds from sales of surplus estate, we are also indebted to the Department for Education, who hold charges on a number of properties within our portfolio. This limits the College's ability to generate funds for future investment. The pension reserve is not controlled

by the College, and we cannot realise any surpluses. This leaves revenue reserves as the main driver of future investment. Within reserves is a balance of £1m unspent grant earmarked for the replacement of air handling units at our Luker Road site as part of the sustainability programme. This is currently scheduled to be completed in 2024. The College is developing a long term investment plan, and will set budgets to deliver annual average earnings before interest, taxation and depreciation (EBITDA) of at least 7 per cent, and up to 10 per cent, of annual revenues across the lifetime of the Strategic Plan

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

South Essex College 16-18 allocation for financial year ending 31 July 2024 was 4,472 (2022/23 4,672) and achieved 4,438 (2022/23 4,462). The allocation for 2024/25 is 4,488.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2023 to 31 July 2024, the College received 10,488 invoices and paid 13.3% per cent of invoices within 30 days (2022/23 11,804 invoices and paid 5.2%). However the agreed terms with most suppliers is the month following date of invoice.

No. of trade invoices paid within target	23/24				Total
	Qtr1	Qtr2	Qtr3	Qtr4	
Total invoices paid outside target	976	3,197	2324	2,599	9,096
Total invoices paid within target	208	393	491	300	1,392
Grand Total	1,184	3,590	2,815	2,899	10,488

% of trade invoices paid within target	23/24				Total
	Qtr1	Qtr2	Qtr3	Qtr4	
Total invoices paid outside target	82.4%	89.1%	82.6%	89.7%	86.7%
Total invoices paid within target	17.6%	10.9%	17.4%	10.3%	13.3%
Grand Total	100.00%	100.00%	100.00%	100.00%	100.00%

Future prospects

The revised curriculum plan for SECG has been developed to clearly articulate the College ambition to be the main provider of Industry-led vocational education and training for South Essex. Our plans are all based on Labour Market Intelligence and the voice of employers in the region and our growth plans are concentrated on the key growth sectors identified by the South East Local Enterprise Partnership, the Essex Employment and Skills Board, Thames Gateway Partnership and the Business Boards of the three main towns we serve: Southend, Basildon and Thurrock.

The Curriculum Strategy over the next 5 years is to specialise in areas of provision which meet the needs of our local and regional employers, particularly at levels 3, 4 and 5 and to expand into some key areas of identified growth including:

- Transport and logistics
- Professional Services
- Construction & Construction Management
- Engineering
- IT & Digital Skills
- Health & Child Care

The South East Institute of Technology (SEIoT)

In 2022, South Essex College secured a collaborative bid to create an Institute of Technology (IoT) in the South East of the country. IoTs are designed to bring education providers and employers together to deliver higher technical education across their existing sites.

The IoT is up and running with all partner colleges offering qualifications from Level 3 to Level 6. The South East Institute of Technology (SEIoT) project is led by South Essex College with core partners University of East Anglia, Anglia Ruskin University, Canterbury Christchurch University, Harlow College, Mid Kent College, East Sussex College Group, Chelmsford College and Plumpton College. Employer partners include DP World (London Gateway), Port of Tilbury, Stansted Airport, Morgan Sindall Construction, Princess Alexandra Hospital Group, Leonardo, Megger Instruments, Chartway Group and Wine GB. Balfour Beatty have also joined the Board.

The SEIoT will provide training particularly in higher technical skills and research support for industry, across the South East Local Enterprise Partnership (LEP) area.

The key industry sectors that will be supported through applied research and skills development include Engineering and Manufacturing, Transport and Logistics, Health Science, Construction and the Built Environment, Viticulture and Animal Science, and Digital, as well as offering bespoke CPD courses for local employers.

As part of the bid, £12.5million of funding is being made available to the SEIoT by the government to fund new cutting-edge facilities and equipment, including fully digitised 'mini' factory and working environments, replicating (for example) automated warehousing, building management systems, automated manufacturing such as PLC and robotics, as well as technologically advanced environments for health & care, construction technical environments, and advanced veterinary labs.

As local employers are an integral part of this programme, the IoT will be equipped to focus on giving people the technical skills that businesses need, which helps them to prosper and leads to more and better local jobs.

The bid has been supported by the South East Local Enterprise Partnership and a wide range of employers across the South East. Utilising our collaborative strengths, SEIoT will enable a significant step-change in the region's higher technical skills capabilities, providing the learning, support, facilities, expertise and infrastructure to help prepare industry and workers for the further increase in automation and green technologies.

Capital Projects

The College has completed its ambitious capital programme. Over the coming period, limited investment will be made, subject to grants from funders for programmes such as T levels, Institute of Technology and other schemes. For the foreseeable future, as a condition of the loan rebrokerage, capital investment will be limited to £2million per annum from reserves, plus any grant funded projects. This will continue until we have achieved a good financial rating by repaying around half of the DfE loan.

Reputation

In an increasingly competitive landscape, the SECG brand needs to be instantly identifiable with high quality provision so that we are held in high esteem by our customers and partners. SECG intends to be seen as the education and training provider of first choice in all areas of our portfolio. We continue to look for opportunities to grow and will create an Academy of Advanced Technology to introduce A Levels in technical subjects and to expand our successful T Level provision.

We are developing the Open College to expand adult learning, including distance and remote learning. A new marketing strategy will reflect and promote our local college structure, our outstanding facilities and our expert staff. We are attracting and nurturing new partnerships and collaborations to expand our reach and facilitate innovation and creativity. We are building on the existing relationships we have with key employers and building new ones with small and medium sized enterprises. We are developing a community engagement strategy with a local focus to solidify and build relationships with schools, health care providers, universities, community and religious groups and local decision makers. We are expanding our reach to embrace outer east of London communities and stakeholders in order to meet the skills needs of those communities and develop the skills of people who can fill the existing skills gaps in our region. South Essex Colleges Group achieved an overall Silver for the TEF in 2023.

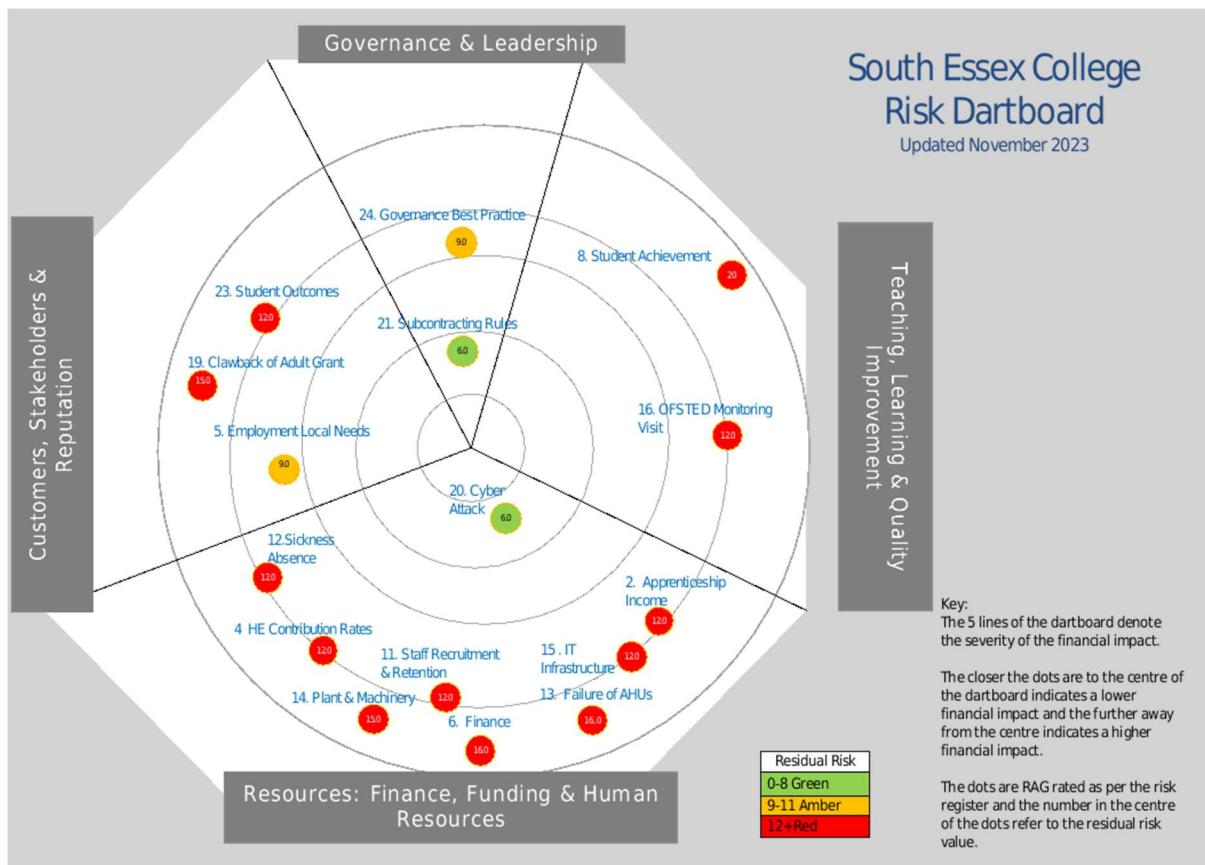
PRINCIPAL RISKS AND UNCERTAINTIES:

The College 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 College's assets and reputation.

Based on the strategic plan, the Audit and Risk Committee undertook a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions, which should mitigate any potential impact on the College.

The risk register is maintained at the College level which is reviewed at each meeting of the Audit & Risk Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system and are RAG rated.

The risk dartboard below shows the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College. The risks are split into different segments. The greatest risks surround financing and funding and mainly relate to recruitment and retention. A risk that is closer to the centre of the dartboard denotes a smaller financial impact and the further away towards the edges denote a bigger impact.



The key risks affecting the College continue to be those arising from resource and financial issues, including the availability of quality staff, budgetary and inflationary pressures. Student outcomes and the quality of teaching are also significant issues. Now that the capital programme has been completed, the College will turn its attention to its existing estate, attending to aging plant, machinery and IT infrastructure. For each of these, the executive leadership is developing and implementing comprehensive plans of actions to manage the risks appropriately.

STAKEHOLDER RELATIONSHIPS

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

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

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.

The College entered into a tripartite agreement with Basildon Council and the Homes England during 2015/16 to progress the disposal of the Basildon Campus to enable over 700 homes to be built over 5 years with the College relocating to Market Square in Basildon town centre. Basildon Council will relocate the market as part of the arrangement. This has resulted in the 'Basildon Landowners Trust

Account' being established. The Trust Account is managed by SEC and all transactions are agreed by resolution of all parties.

Equal opportunities and employment of disabled persons

SEC is committed to the promotion of equality of opportunity for all learners, employees and all other users of the College.

Our ethos is to create and maintain the conditions whereby learners and staff are treated solely on the basis of their merits, abilities and potential, regardless of ethnic or national origin, disability, gender, age, religion or belief, sexual orientation, social class and background, or other distinction.

The College's Equality and Diversity Policy is published on the College's Internet site. The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. An Equality and Diversity plan is published each year and monitored by managers and governors.

The College actively promotes a culture of celebrating diversity and will take reasonable steps to prevent discrimination occurring. This includes promoting the significance of the Equality and Diversity Policy and what is expected of learners and staff while they study or work at the College.

Disability statement

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

- a) As part of its accommodation strategy the College updated its access audit. Experts in this field conducted a full access audit during 2007/08, and the results of this formed the basis of a bid to the LSC for funding capital projects aimed at improving access.
- b) The College has an Additional Learning Support Team, who provide information, advice and arranges support where necessary for learners with disabilities.
- c) The College has specialist equipment which we can make available for use by learners and staff and a range of assistive technology is widely available. The College works proactively with learners and staff in relation to any reasonable adjustments that they may require to support them with learning and working.
- d) The College has an Admissions policy for all learners. Appeals against a decision not to offer a place are dealt with under the policy.
- e) The College has made a significant investment in the appointment of specialist lecturers to support learners with learning difficulties and/or disabilities. There are a number of Learning Support Assistants who can provide a variety of support for access to learning. There is a continuing

programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities.

- f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- g) Counselling, welfare and support services are described on the College website. Learners can access relevant policies and procedures (including the Compliments & Complaints and Behaviour Policy and Procedure) via Moodle and My Day (Student Intranet).

Trade union facility time

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

Numbers of employees who were relevant union officials during the relevant period	FTE employee number
9	1

Percentage of time	Number of employees
0%	-
1-50%	6
51-99%	-
100%	-

Total cost of facility time	£15,164
Total pay bill	£30,144,000
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	8%
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Safeguarding and Child Protection

The College places significant importance on safeguarding children and vulnerable adults and meets fully the statutory requirements for safeguarding and child protection. Specifically, the College has:

- a) Implemented statutory guidance contained within the revised Department for Education publication: 'Keeping Children Safe in Education September 2024' and ensured that staff are fully aware of their responsibilities in Part 1 through training and a mandatory read with an accompanying quiz that all academic and support staff must complete.
- b) Key staff are designated as Prevent leads and are part of local and national networks and safeguarding boards. Training provides regularly to the leads and to all staff.
- c) Ensured that all new staff receive training on safeguarding, child protection and Prevent and that refresher training is carried out regularly for existing staff.
- d) Maintained a Safeguarding and Security Committee, designated Executive Board member and designated governor with responsibility for safeguarding.
- e) Audited its safeguarding practices through the 'Local Authority Section 175 Safeguarding Audit' and maintained the outcome of "very high compliance".
- f) Ensured that key Staff are appropriate trained as Designated Safeguarding Leads and their training is regular updated as 'designated persons' for child protection purposes, which is regularly updated in accordance with statutory guidance.
- g) Developed robust arrangements for the planning and approval of educational visits.
- h) Safeguarding adviser are established across all sites to support in the management of safeguarding and welfare.
- i) Implemented a revised Recruitment and Retention Policy and Procedure incorporating safeguarding statutory guidance along with relevant employment legislation.
- j) All staff with responsibility for recruiting staff will complete mandatory safer recruitment training as required under Keeping Children Safe in Education 2024 statutory Guidance. Staff new to the college who have staff recruitment responsibilities must complete the Safer Recruitment Training within 3 months of joining. The Human Resources Department ensure that there is a minimum of one staff member on the recruitment panel who has completed the safer recruitment training. The College maintains a 'Single Central Record' of all vetting and barring checks for all individuals undertaking Regulated Activity.

The College ensures that all relevant individuals undertake appropriate Disclosure and Barring Service (DBS) checks and these are vetted and risk assessed by the Head of HR prior to individuals commencing work. This includes an Enhanced DBS check including the 'barred lists' check where appropriate. Well established arrangements exist to manage any issues arising and ensure that concerns about individuals who may pose a threat to children or vulnerable adults are reported to the DBS.

The College complies fully with its statutory Prevent duties under the Counter Terrorism and Security Act 2015. The College's safeguarding policy has procedures that aims to prevent people from being drawn into terrorism, including violent and non-violent extremism, by working with individuals and communities to support and challenge views and activities that may be conducive to terrorism, or that

seek to popularise views which extremism may seek to exploit. Central to the College's vision, mission and core values is the promotion of fundamental British values, including democracy, the rule of law, individual liberty and mutual respect and tolerance of different faiths and beliefs.

The 2022 Ofsted Inspection concluded that the arrangements for safeguarding were effective, and staff understand well the part they play in safeguarding learners. Learners feel safe, and are kept safe, in college.

Disclosure of information to auditors

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

Going concern

SECG has been graded as "Requires Improvement" for its Financial Health. The Board of Governors recognised that it was a strategic decision to invest in its estate strategy, and it did so in the full knowledge this would mean that the College may go through a period of being in "Requires Improvement" Financial Health according to the ESFA measures, primarily due to the high gearing ratio.

However, the College experienced considerable additional cost pressures, with a quadrupling of its energy bills. Together with other inflationary pressures, the College experienced a marked impact on its cost base and continued to experience challenges to its current ratio and cashflow position. This was exacerbated by the unfunded legacy capital commitments.

The College implemented a series of cost cutting and cashflow management measures and set budgets for the 2023-24 academic year that would support an increase in cashflow. The Board monitor outturns regularly and believe that the College will continue as a going concern for the foreseeable future and will be able to handle unexpected variances and developments that affect the financial position. So, whilst the College will continue to score "requires improvement" in DfE's financial health check until at least 2026, the position will steadily improve, the College will continue to operate normally, and will pursue the strategic objectives published in March 2023.

The DfE agreed to a 20 year loan, secured on the Aveley, Basildon (Lucky Lane) and Thurrock campuses, effective from 19 July 2023, which allows the College to draw down funds in two tranches. First to pay the existing loan with Barclay on maturity in July 2023 (£15.2million outstanding balance), and to draw down a second tranche in 2024 at the maturity of the £1.5 million loan with Southend Borough Council.

This rebrokerage of the loan ensures that the College is compliant with the new regulatory framework and has sufficient capital to meet cashflow needs and College liabilities in the foreseeable future. In particular, this arrangement ensures that the College remains a going concern.

The College recognises that there is a significant negative net current asset position but taking into account the refinancing of the Southend Loan in 2025 the position improves and the Corporation considers this a manageable position moving forward.

A 24 month cash flow is prepared and included in the management accounts. Cashflow is monitored on a daily basis with reports to SMT. A monthly update is then included in the management accounts for governors and senior managers.

The assumptions in the cashflow forecast are:

- The College will achieve its income target or take action to reduce expenditure where necessary
- The College limits capital investment to build up cash reserves. This is separate from investment in major capital projects which are funded from the disposal of Nethermayne
- The College meets its supplier invoice obligations to pay within 30 days of receipt of a valid invoice
- Drawdown of DfE loan will coincide with the maturity of the third party loans in 2023 and 2024
- The Loan with DfE includes a capital payment holiday until January 2024, with interest payable in arrears at the existing Public Loan Works Board rate of interest

Events after the end of the reporting period

Essex Shared Services limited (ESS) transferred its operations, assets and liabilities to Chelmsford College and South Essex College Group on a 33/67 split on 31 July 2024 at which point ESS ceased operations. All assets are valued at fair value at the balance sheet date being the amount receivable and realisable on its subsequent closure and no impairment has been necessary. As required by UK accounting standards, the directors have prepared the financial statements of ESS on the basis that the company is other than a going concern. The Company was then made dormant from that date.

Prospects Learning Foundation Limited, a company incorporated in England and Wales is a wholly owned subsidiary of the College. The company ceased operations on 31 July 2024 and as required by UK accounting standards, the directors have prepared the financial statements on the basis that the company is other than a going concern. Following the transfer of assets and liabilities to the College the Company was then made dormant from that date.

Prospects Learning Foundation Limited owned 100 per cent of the issued £1 shares of Prospects Training Solutions Limited, a company incorporated in England and Wales. The company ceased operations on 31 July 2024 and as required by UK accounting standards, the directors have prepared the financial statements on the basis that the company is other than a going concern. Following the transfer of assets and liabilities to Prospects Learning Foundation Limited, the Company was then made dormant from that date."

Approved by order of the members of the Corporation on 18th December 2024 and signed on its behalf by:



Dame Sally Dicketts DBE

Chair

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2023 to 31 July 2024 and up to the date of approval of the annual report and financial statements.

Governance Code

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”); and
- iii. having due regard to the UK Corporate Governance Code 2016 insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with/exceeds all the provisions of the Code, and it has complied throughout the year ended 31 July 2024. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 6 July 2015.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission’s guidance on public benefit and that the required statements appear elsewhere in these financial statements.

The Corporation

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

Name	Date of appointments	Term of office	Date of resignation	Status of appointment	Committees served	Board Attendance 2023/24
Mr Rick Olver	01/08/2020	4 years		External Governor	Chair: Corporation from 01/09/23-31/08/2024: Chair Curriculum & Quality Committee. Member of Policy & Resources until July 2024; and Governance & Remuneration	100%
Dame Sally Dicketts DBE	01/09/2024	4 years		External Governor	Chair: Corporation from 01/09/2024. Member of Governance & Remuneration	N/A
Mrs Denise Brown	24/02/2022	Ex-officio		Principal and CEO	Curriculum & Quality, Policy & Resources, Governance and Remuneration	100%
Mr R Anderson	13/1/20 Extended to 11/07/24	4 years	Term ended on 11/07/2024	External Governor	Audit & Risk	75%
Mr O Awolusi	17/10/2023	2 years		External Governor	Policy & Resources	100%
Mr G Bender	01/08/2020	4 years		External Governor	Curriculum & Quality and Governance and Remuneration	100%
Mrs J Brooker	01/12/2021	4 years		Staff Governor	Curriculum & Quality	100%
Mr S Collins	17/10/2023	4 years	10/04/2024	External Governor	Policy & Resources	100%
Mr L Freeman	23/03/2020 Extended to 11/07/2024	4 years	11/07/2024	External Governor	Policy & Resources	100%
Mr P Gribbon	04/08/2023	4 years	09/12/2024	External Governor	Chair Audit & Risk	100%
Mrs S Leonard	23/03/2020	4 years	08/12/2024	External Governor	Curriculum & Quality; Audit & Risk; Chair Governance & Remuneration	89%
Mr A Thompson	04/08/2023	4 years		External Governor	Audit & Risk	100%
Ms L Everard	22/03/2021	4 years		Co-Opted Governor	Audit & Risk	75%
Mr A O Dowsett	09/07/2024	4 years		External Governor		100%
Mr N Gibb	09/07/2024	4 years		External Governor		100%
Ms K Merritt	03/09/2024	4 years		External Governor		N/A

The Clerk to the Corporation and Group Executive Director of Governance during the year and to the date of signing these statements was Lana Jackman.

The Governance Framework

The Corporation is provided with regular and timely information on the overall financial performance of the college together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation met seven times during the year, with five scheduled full Board meetings, two Special meetings and two Board Development Days.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Curriculum and Quality, Policy and Resources (including Finance), Audit and Risk, Governance and Remuneration. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available via the college's website at southessex.ac.uk or from the Clerk to the Corporation at the college's registered address.

South Essex College

Luker Road

Southend

Essex

SS1 1NN

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

All governors are able to take independent professional advice in furtherance of their duties at the college's expense and have access to the Clerk to the Corporation, who is responsible to the Board 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 governors in a timely manner, prior to Corporation meetings. Briefings are provided 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 is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

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

The Corporation approved the appointment of an External Board Reviewer, Mr Simon Perryman, who conducted an External Board Review in March 2024. The Report dated 26 April 2024 was presented by Mr Perryman and approved by the Corporation Board at an Extraordinary Meeting on 14 May 2024. The Report is available upon request from the Clerk to the Corporation.

Appointments to the Corporation

Any new member appointments to the corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Governance and Remuneration committee, consisting of four Governors, which is responsible for the selection and nomination of any new Governor's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required and has delegated the responsibility for developing and monitoring a governor development plan to the Governance and Remuneration Committee.

Members of the corporation are appointed for a term of office not exceeding four years. The Corporation has strengthened its policy on maximum length of service, so that all governors reaching the end of eight years' service will automatically stand down unless it is considered that there are exceptional reasons to extend their tenure beyond eight years.

Corporation performance

Governors and the Clerk to the Corporation undertook a range of training and updating learning throughout the year. The Clerk achieved the IoD Award for Further Education Governance Professionals in February 2024, and several Governors undertook both the FE Governance ETF training as well as attending the AoC Regional Governor inductions.

A full external governance assessment was undertaken in April 2024 by the AoC using an independent reviewer, Simon Perryman. The overall conclusion was that the Board had very substantially improved its effectiveness in the last year, due to a significant improvement in governance processes and the development of a more honest, open and inclusive culture.

The corporation also carried out a self-assessment of its own performance for the year ended 31 July 2024 and graded itself as "Good" on the Ofsted scale. The self-assessment judgement was based on self-evaluation by individual governors using indicators of governance effectiveness used by Ofsted. Committee level self-assessment undertaken by governors was also taken into account.

Remuneration Committee

Throughout the year ending 31 July 2024 the College's Governance & Remuneration Committee comprised five external members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the performance, remuneration and benefits of the Accounting Officer, other designated Senior Postholders and the Clerk. The College has adopted the AoC's Senior Staff Remuneration Code and aims to comply with all of its provisions.

Details of remuneration for the year ended 31 July 2024 are set out in note 5 to the financial statements.

Audit & Risk Committee

The Audit Committee comprises five members of the Corporation (excluding the Accounting Officer and Chair) and one co-opted member. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets four times a year and provides a forum for reporting by the college's internal auditors, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion without the presence of college management. The Committee also receives and considers reports from the main FE funding bodies as they affect the college's business.

The college'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 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 and Risk Committee also advises the corporation on the appointment of internal auditors, 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 and Risk Committee met four times via full scheduled meetings and once at a Workshop to discuss and improve upon the Terms of Reference and develop good audit practices in the year to 31 July 2024. The members of the committee and their attendance records are shown below:

Committee member	Meetings attended
Mr Paul Gibbon (Chair)	4/4
Mr R Anderson	4/4
Mrs S Leonard	4/4
Mr A Thompson	4/4
Mrs L Everard (co-optee)	3/4

Internal Control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in South Essex College for the year ended 31 July 2024 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

The risk and control framework

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

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

South Essex College has procured an internal audit service, which operates in accordance with the requirements of the ESFA's post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit & Risk Committee. At a minimum, annually, the Chair of the Audit & Risk Committee provides the governing body with a report on internal audit activity in the College. The report includes the Committee's opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the corporation

The Corporation works with the Senior Leadership Team to understand and assess the key risks faced by the College. The Audit Committee scrutinises the risk register and challenges the leadership team on the assessment of risk, the response and the effectiveness of actions taken. The Corporation also has the opportunity to discuss risk in a wider setting and consider its appetite to individual risks. The Corporation recognises the high level risks in the ability to recruit students in all income areas including HE, development of its curriculum to remain relevant to current needs, the need to diversify income streams and to remain financially sustainable, the ability to attract and retain high calibre staff, the extent to which the College's cyber security measures are effective, and the need to properly manage its ongoing capital projects.

Control weaknesses Identified

The internal auditors did not identify any high priority weaknesses in the college's systems in the year with 3 audits providing 'significant assurance' and five 'reasonable assurance' opinions. The auditors raised 14 medium risk recommendations and did not have cause to raise any high risk recommendations. There were also 35 low risks recommendations making a total of 49 recommendations from the 8 audits. The audit committee is satisfied that the actions taken are sufficient to address the issues identified and agree with the internal auditors opinion that the College has adequate processes in place.

Responsibilities under funding agreements

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

Statement from the audit committee

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

The specific areas of work undertaken by the audit committee in 2023/4 and up to the date of the approval of the financial statements are:

- Regular review of health and safety regulatory compliance.
- Regular review of subcontracting management and assurance controls.
- Review of Risk Assurance Framework and risk appetite to develop new assurance framework.
- Annual review of operation and anti- fraud controls.
- Annual review of Whistle Blowing Complaints.
- Internal audit programme considering:
 - Apprenticeship Recruitment
 - Essex Shared Services
 - Information Governance
 - Curriculum Quality Assurance
 - Estates Occupancy
 - Capital Programme Development.

Overseeing the appointment of new external auditors.

Review of effectiveness

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

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements 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 her review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance and a plan to address weaknesses and ensure continuous improvement of the system is in place.

In prior years, the auditors identified some internal control issues relating to both balance sheet and bank reconciliations. There has been a number of changes in key financial personnel during the year and these issues are being dealt with following a review and restructure of the management accounts process. This will remain a regular item on the audit and risk committee indefinitely.

The Senior Leadership team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Leadership 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 and control and receives reports thereon from the Senior Leadership team and the Audit & Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its September 2024 meeting, the Audit & Risk Committee carried out the annual assessment for the year ended 31 July 2024 by considering documentation from the Senior Leadership team and internal audit and other sources and taking account of events since 31 July 2024.

Based on the advice of the Audit & Risk Committee and the Accounting Officer, the Corporation is of the opinion that the College does have 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 18th December 2024 and signed on its behalf by:

Signed



Signed



Denise Brown

Accounting Officer

18 Dec 2024

Dame Sally Dicketts DBE

Chair of Governors

18 Dec 2024

Statement of Regularity, Propriety and Compliance

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

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

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

Signed



Denise Brown

Accounting officer

18 December 2024

Statement of the Chair of Governors

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

Signed



Dame Sally Dicketts DBE

Chair of Governors

18 December 2024

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation, as charity trustees, 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, within the Members' Report, 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 gives a true and fair view of the state of affairs of the corporation and 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 (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the corporation will continue in operation

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

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

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly.

In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 18th December 2024 and signed on its behalf by:

A handwritten signature in black ink, appearing to read "S. A. S. Dicketts DBE". The signature is fluid and cursive, with "S. A. S. D." on the first line and "Dicketts DBE" on the second line.

Dame Sally Dicketts DBE, Chair of Governors

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF SOUTH ESSEX COLLEGE GROUP

Opinion

We have audited the financial statements of the Corporation of South Essex Colleges Group (the 'College') and its subsidiaries (the 'Group') for the year ended 31 July 2024 which comprise the Consolidated and College Statements of Comprehensive Income, the Consolidated and College Statements of Changes in Reserves, the Group and College Balance Sheets, the Consolidated Statement of Cash Flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2024, and the Group's and College's income over expenditure for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, UK GAAP and the current College Accounts Direction.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

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

In our opinion, in all material respects

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

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

- The College's grant and fee income, as disclosed in note number 2a 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 6a to the financial statements, has been materially misstated

We have no matters to report arising from this responsibility.

Responsibilities of the Governing Body

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

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

Auditor responsibilities for the audit of the financial statements

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

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

Use of our report

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



MHA
Chartered Accountants and Registered Auditor
London, United Kingdom
Date: 20/12/2024

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

Independent Reporting Accountant's Assurance Report on Regularity

To: The Corporation of South Essex Colleges 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 27 June 2024 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by South Essex Colleges Group during the period 1 August 2023 to 31 July 2024 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the corporation of South Essex Colleges 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 South Essex Colleges 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 South Essex Colleges Group and ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of South Essex Colleges Group and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2023 to 31 July 2024 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;

- Further testing and review of self-assessment questionnaire including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

In the course of our work, except the matters listed below, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2023 to 31 July 2024 has not been applied to purposes intended by Parliament, that the financial transactions do not conform to the authorities that govern them.

- **Matter 1 - College requirements for special payments, including severance, compensation and ex-gratia payments**

During the year, the college failed to comply with the guidance provided by HM Treasury's Managing Public Money and by the College's requirements for making special payments, including severance, compensation and ex-gratia payments. This was in respect to the severance payment made to one staff member from Essex Shared Services Limited, a joint venture that the College is part of. The severance payment in the year breached the Managing Public Money thresholds and required ESFA permission. However, this permission was not obtained and this represents a breach of the College's delegated authority thresholds (as all subsidiaries of the college are in scope of these rules).



MHA

Chartered Accountants

London, United Kingdom

Date: 20/12/2024

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

South Essex College
Consolidated and College Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July		Year ended 31 July	
		2024		2023	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	41,473	41,473	38,932	38,911
Tuition fees and education contracts	3	5,054	5,054	5,187	5,165
Other income	4	3,450	2,324	4,073	2,872
Total income		49,977	48,851	48,193	46,948
EXPENDITURE					
Staff costs	5	28,811	28,558	29,394	28,564
Fundamental restructuring costs	5	144	73	137	137
Other operating expenses	6	16,578	15,870	15,466	15,371
Depreciation	9	5,158	5,084	5,386	5,240
Interest and other finance costs	7	(163)	(163)	784	777
Total expenditure		50,528	49,423	51,167	50,089
(Deficit) before other gains and losses		(551)	(572)	(2,975)	(3,141)
(Deficit) before tax		(551)	(572)	(2,975)	(3,141)
Taxation	8	-	-	65	-
(Deficit) for the year		(551)	(572)	(2,910)	(3,141)
Actuarial changes in respect of pensions schemes		(1,773)	(1,773)	(2,068)	(2,068)
Total Comprehensive Income for the year		(2,324)	(2,345)	(4,978)	(5,210)

The accompanying notes on pages 37 to 60 form part of these financial statements.

South Essex College
Consolidated and College Statement of Changes in Reserves

	Income and Expenditure	Revaluation reserve account	Total
	£'000	£'000	£'000
Group			
Balance at 1 August 2022	97,211	745	97,956
(Deficit) from the income and expenditure account	(2,910)	-	(2,910)
Actuarial changes in respect of pension scheme	(2,068)	-	(2,068)
Transfers between revaluation and income and expenditure	7	(7)	-
	(4,971)	(7)	(4,978)
Balance at 31 July 2023	92,240	738	92,978
Deficit from the income and expenditure account	(551)	-	(551)
Actuarial changes in respect of pension scheme	(1,773)	-	(1,773)
Transfers between revaluation and income and expenditure reserves	8	(8)	-
Total comprehensive income for the year	(2,316)	(8)	(2,324)
Balance at 31 July 2024	89,925	730	90,655
College			
Balance at 1 August 2022	94,113	-	94,113
(Deficit) from the income and expenditure account	(3,141)	-	(3,141)
Actuarial changes in respect of pension scheme	(2,068)	-	(2,068)
	(5,210)	-	(5,210)
Balance at 31 July 2023	88,903	-	88,903
(Deficit) from the income and expenditure account	(572)	-	(572)
Actuarial changes in respect of pension scheme	(1,773)	-	(1,773)
Transfers between income and expenditure reserves	-	-	2,721
Total comprehensive income for the year	(2,345)	-	376
Balance at 31 July 2024	86,557	-	89,279

South Essex College
Group and College Balance sheets as at 31 July

	Notes	Group	College	Group	College
		2024 £'000	2024 £'000	2023 £'000	2023 £'000
Non current assets					
Tangible fixed assets	9	147,663	142,056	149,239	142,573
Investments	10	-	-	-	314
		147,663	142,056	149,239	142,887
Current assets					
Stocks		75	73	23	23
Trade and other receivables	11	1,462	1,818	2,256	3,782
Cash and cash equivalents		2,569	2,226	1,303	394
		4,106	4,117	3,583	4,199
Less: Creditors – amounts falling due within one year	12	(10,637)	(10,472)	(9,146)	(11,953)
Net current assets					
		(6,531)	(6,354)	(5,563)	(7,754)
Total assets less current liabilities					
		141,132	135,702	143,676	135,133
Less: Creditors – amounts falling due after more than one year	13	(50,423)	(46,367)	(50,955)	(46,231)
Provisions					
Defined benefit asset / (liability)	15	(55)	(55)	-	-
Share of net assets of Joint Venture	15	-	-	257	-
Total net assets					
		90,655	89,279	92,978	88,903
Unrestricted reserves					
Income and expenditure account		89,925	89,279	92,240	88,903
Revaluation reserve		730	-	738	-
Total unrestricted reserves					
		90,655	89,279	92,978	88,903
Total reserves					
		90,655	89,279	92,978	88,903

The financial statements on pages were approved and authorised for issue by the Corporation on 18 December 2024 and were signed on its behalf on that date by:



Denise Brown

Accounting Officer

18th December 2024



Dame Sally Dicketts DBE

Chair of Governors

18th December 2024

South Essex College
Consolidated Statement of Cash Flows

	Notes	2024 £'000	2023 £'000
Cash inflow from operating activities			
(Deficit) for the year		(551)	(2,951)
Adjustment for non cash items			
Depreciation		5,158	5,386
(Increase) in stocks		(52)	(1)
(Increase)/decrease in debtors		794	(1,180)
Increase in creditors due within one year		1,491	104
Increase/(decrease) in creditors due after one year		(532)	2,559
Increase in provisions		312	-
Pensions costs less contributions payable		(1,339)	990
Adjustment for investing or financing activities			
Interest payable		975	784
Interest (receivable)/payable on plan assets		(1,138)	1
Impairment of Investments		314	-
		<hr/>	<hr/>
Net cash flow from operating activities		5,433	5,692
		<hr/>	<hr/>
Cash flows from investing activities			
Draw down from Basildon Landowners Trust Account		-	711
Payments made to acquire fixed assets		(3,192)	(6,891)
		<hr/>	<hr/>
		(3,192)	(6,180)
Cash flows from financing activities			
Interest paid		(975)	(906)
Interest element of finance lease rental payments		-	(7)
New finance leases		-	511
Repayments of amounts borrowed		-	(532)
Capital element of finance lease rental payments		-	(239)
		<hr/>	<hr/>
		(975)	(1,175)
Increase / (decrease) in cash and cash equivalents in the year		1,266	(1,662)
		<hr/>	<hr/>
Cash and cash equivalents at beginning of the year		1,303	2,965
Cash and cash equivalents at end of the year		2,569	1,303

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, South Essex Commercial Services Ltd, Backstage Centre Ltd, Prospects Training Solutions Ltd and Prospects Learning Foundation Ltd 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 consolidated financial accounts also recognise the College's share (50%) of the joint venture company Essex Shared Services Ltd. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2024.

Going concern

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

The financial statements have been prepared on a going concern basis which the Corporation considers to be appropriate for the following reasons.

The College recognises that there is a significant negative net current asset position but taking into account the refinancing of the Southend Loan in 2025 the position improves and the Corporation considers this a manageable position moving forward.

The College has prepared cash flow forecasts for a period in excess of 12 months from the date of signing of these accounts. After reviewing these forecasts, the College is of the opinion that, taking account of severe but plausible downsides the College will have sufficient funds to meet its liabilities as they fall due over the going concern assessment period.

The College has secured a loan with the Department for Education to replace the existing third party loans. In July 2023, funds were drawn down to pay Barclays on maturity of that facility. The loan with DfE includes a capital payment holiday until January 2025, and quarterly interest in arrears payable at the Public Works Loan Board rate. This reduces both the annual capital and interest payments, and so supports the College's cashflow and going concern consideration.

Notes to the Accounts (continued)

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing of these financial statements, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. 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 or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

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

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

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.

Accounting for post-employment benefits

Post-employment benefits to employees of the College 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.

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

Notes to the Accounts (continued)

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

At the year end, the initial actuarial report from the Scheme Actuary reported a net pension asset of £26,375k. When the Scheme gives rise to a potential asset position, the Governors are required to assess the basis for recognising an asset on the balance sheet against the FRS102 criteria, this being

“An entity shall recognise the plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or refunds from the plan.”

In using the word “shall”, the emphasis is placed upon the College to consider the value of such an asset, rather than whether an asset should be recognised in the first instance. Accordingly, the College has considered the value at which they can benefit from either (1) refunds from the plan or (2) reduced contributions. As the College intends to continue to participate in the LGPS, the likelihood of a refund being due from the Scheme has been deemed as remote and not practically achievable.

Secondly, the College has undertaken an exercise to assess the Minimum Fund Contributions (MFR) due to the Scheme in order to calculate the net present value of the asset which will be the value of a perpetuity of the future service cost minus the present value of the employer contributions. The outcome of this calculation has shown that the College is unlikely to gain economic benefit from a reduction in future contributions. Accordingly, the college has made an impairment charge on the asset reducing the net position at the year ended 31 July 2024 to £Nil. Therefore, no defined benefit pension asset has been included in the financial statements.

Short term Employment benefits

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

Enhanced Pensions

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

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at 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 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Notes to the Accounts (continued)

Land and buildings

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

- Thurrock and Southend Campuses – 60 years
- All other buildings – 50 years
- Refurbishments – 10 years

Freehold land is not depreciated.

The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 60 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 College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1992 at deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets in the course of construction

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

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 College, 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. All other equipment is capitalised at cost.

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

• technical equipment	5 years
• motor vehicles & plant	5-10 years
• computer equipment	3 years
• fixtures and fittings	10 years
• Furniture	10 – 20 years

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred. However, the College elects to capitalise such costs which are directly attributable to the acquisition, construction or production of a qualifying asset.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Notes to the Accounts (continued)

Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

Leasing agreements which transfer to the College 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.

Investments in joint ventures

The College accounts for its share of joint ventures using the equity method within the Group financial statements. Under the equity method in group accounts, if an investor's share of losses in a joint venture equal or exceeds the carrying amount of its investment, the investor shall discontinue recognising its share of further losses, unless it has incurred legal or constructive obligations or has made payments on behalf of the joint venture, in which case provision is required.

Inventories

Inventories are stated at the lower of their cost 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.

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.

Notes to the Accounts (continued)

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover circa 3% 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 College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation with the exception of PLF which HMRC treats as a charity for taxation purposes.

Provisions and contingent liabilities

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

A contingent liability arises from a past event that gives the College 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 College. 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.

Agency arrangements

The College 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 College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

Notes to the Accounts (continued)

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

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 21, 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 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Accounts (continued)

2 Funding council grants

	Year ended 31 July		Year ended 31 July	
	2024		2023	
	Group £'000	College £'000	Group £'000	College £'000
Recurrent grants				
Education and Skills Funding Agency - adult	4,070	4,070	3,889	3,889
Education and Skills Funding Agency – 16 -18	29,938	29,938	28,070	28,070
Education and Skills Funding Agency - apprenticeships	3,422	3,422	3,603	3,603
Local Authorities	2,008	2,008	1,512	1,512
Specific Grants				
Teacher Pension Scheme contribution grant	1,090	1,090	949	949
Releases of government capital grants	944	944	883	862
HE grant	1	1	26	26
Total	41,473	41,473	38,932	38,911

2a OFS Grant & Fee Income

	Year ended 31 July		Year ended 31 July	
	2024		2023	
	Group £'000	College £'000	Group £'000	College £'000
Grant Income from the OfS				
Fee Income for taught awards	283	283	314	314
Total	4,112	4,112	4,111	4,111

3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2024		2023	
	Group £'000	College £'000	Group £'000	College £'000
Adult education fees				
Fees for FE loan supported courses	226	226	541	541
Fees for HE loan supported courses	144	144	77	55
International students fees	3,829	3,829	3,797	3,797
Full cost provision	531	531	419	419
Total tuition fees	42	42	40	40
Education contracts	4,771	4,771	4,873	4,851
Total	283	283	314	314
Total	5,054	5,054	5,187	5,165

Notes to the Accounts (continued)

4 Other income

	Year ended 31 July		Year ended 31 July	
	2024		2023	
	Group £'000	College £'000	Group £'000	College £'000
Catering and residences	609	516	620	524
Exam income	2	2	92	92
Accommodation income for international students	53	53	51	51
Other income generating activities - Car Park	157	-	131	-
Other income generating activities - PTS income	-	-	159	-
Other income generating activities - Backstage Centre rental	601	-	592	-
Non government capital grants	173	112	100	23
Project Income	1034	1032	1864	1787
Other Operational Income	392	189	208	186
Miscellaneous income	428	419	256	210
Total	3,450	2,324	4,073	2,872

Notes to the Accounts (continued)

5 Staff costs - Group

The average number of persons (including key management personnel) employed by the College during the year, described as full-time equivalents, was:

	2024 No.	2023 No.
Teaching staff	249	254
Non teaching staff	380	387
	<u>629</u>	<u>641</u>
Staff costs for the above persons		
	2024 £'000	2023 £'000
Wages and salaries	21,148	20,512
Social security costs	1,949	1,874
Pension costs, including FRS102 adjustment of £1,630k (2023 £2,880k)	4,395	5,274
	<u>27,492</u>	<u>27,660</u>
Payroll sub total		
Contracted out staffing services	<u>1,403</u>	<u>2,177</u>
	28,895	29,838
Increase/(Decrease) in employee leave	(84)	(443)
Fundamental restructuring costs	144	137
<i>(includes £76k statutory severance payments and £52k special severance payments)</i>		
	<u>28,954</u>	<u>29,531</u>

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Leadership Team which comprises the Principal and Chief Executive, the Deputy Principal and Chief Executive and the Vice Principals.

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

	2024 No.	2023 No.
The number of key management personnel including the Accounting Officer was:	7	10
	<u>7</u>	<u>10</u>

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

	Key Management Personnel		Other staff	
	2024 No.	2023 No.	2024 No.	2023 No.
£60,001 to £65,000	1	2	-	-
£65,001 to £70,000	-	2	-	-
£75,001 to £80,000	-	1	-	-
£80,001 to £85,000	2	1	-	-
£90,001 to £95,000	-	2	-	-
£105,001 to £110,000	1	1	-	-
£115,001 to £120,000	1	-	-	-
£120,001 to £125,000	1	-	-	-
£180,001 to £185,000	-	1	-	-
£185,001 to £190,000	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
	7	10	-	-

5 Staff costs - Group

The average number of persons (including key management personnel) employed by the College during the year, described as full-time equivalents, was:

	2024 No.	2023 No.
Teaching staff	249	254
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	<u>629</u>	<u>641</u>
Staff costs for the above persons		
	2024 £'000	2023 £'000
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Social security costs	1,949	1,874
Pension costs, including FRS102 adjustment of £1,630k (2023 £2,880k)	4,395	5,274
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Emoluments of Key management personnel, Accounting Officer and other higher paid staff

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

	Key Management Personnel		Other staff	
	2024 No.	2023 No.	2024 No.	2023 No.
£60,001 to £65,000	1	2	-	-
£65,001 to £70,000	-	2	-	-
£75,001 to £80,000	-	1	-	-
£80,001 to £85,000	2	1	-	-
£90,001 to £95,000	-	2	-	-
£105,001 to £110,000	1	1	-	-
£115,001 to £120,000	1	-	-	-
£120,001 to £125,000	1	-	-	-
£180,001 to £185,000	-	1	-	-
£185,001 to £190,000	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>7</u>	<u>10</u>	<u>-</u>	<u>-</u>

Notes to the Accounts (continued)

5 Staff costs - Group and College

Key management personnel compensation is made up as follows:

	2024 £'000	2023 £'000
Salaries - gross of salary sacrifice and waived emoluments	726	747
Employers National Insurance	99	80
	<u>825</u>	<u>827</u>
Pension contributions	131	96
Payments in lieu of pension contributions	30	30
	<u>986</u>	<u>953</u>
Total emoluments		

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

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

	2024 £'000	2023 £'000
Salaries	150	148
Employers National Insurance	25	25
Benefits in Kind	6	6
	<u>181</u>	<u>179</u>

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

The remuneration package of the Principal and Chief Executive is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance. The Committee is content with the level of pay for the financial year.

their performance against the college's overall objectives using both qualitative and quantitative measures of

Median Pay Disclosure

	2024	2023
Principal's basic salary as a multiple of the median of all staff based on salary	6.5	7.2
Principal's total emoluments as a multiple of the median of all staff based on total emoluments	6.9	6.2

Notes to the Accounts (continued)

6 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	3,398	3,398	4,360	4,322
Subcontracting costs	1,517	1,517	324	324
Non teaching costs	6,657	6,274	4,884	5,065
Premises costs	5,006	4,681	4,944	4,706
Demolition of Thurrock temporary building	-	-	954	954
Total	16,578	15,870	15,466	15,371
Other operating expenses include:	2024		2023	
	£'000		£'000	
Auditors' remuneration:				
Financial statements audit*		296		42
Internal audit		26		26
Other services provided by the financial statements auditors		3		14
Other services provided by the auditors		9		-
Hire of assets under operating leases		55		55

* includes £206k in respect of 21/22 & 22/23

6a OfS Access & Participation

	Year ended 31 July		Year ended 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Access investment	39	39	133	133
Research and evaluation (relating to access and participation)	4	4	4	4
Financial support for students	167	167	125	125
Total	210	210	262	262

Notes to the Accounts (continued)

7 Interest payable - Group and College

	2024 £'000	2023 £'000
On bank loans, overdrafts and other loans:	975	906
	<u>975</u>	<u>906</u>
On finance leases	-	7
Net interest on defined pension liability	<u>(1,138)</u>	<u>(129)</u>
Total	<u>(163)</u>	<u>784</u>

Actual payments of interest on loans in 2024 was £975k (£906k in 2023).

8 Taxation - Group only

	2024 £'000	2023 £'000
Provision for deferred corporation tax in the accounts of the subsidiary company	-	(65)
Total	-	(65)

The members do not believe that the College was liable for any corporation tax arising out of its activities during either year. The tax charge above relates to its trading subsidiary companies.

Notes to the Accounts (continued)

9 Tangible fixed assets (Group)

	Freehold Land and buildings*	Leasehold Land and buildings	Furniture	Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 August 2023	176,269	5,115	6,223	17,986	3,846	209,439
Additions	529	-	691	1,673	300	3,192
Transfers	2,796	-	66	984	(3,846)	-
Impairment of assets aquired from merger with BCL	(1,036)	-	-	-	-	(1,036)
Disposals	(2)	-	(31)	-	-	(33)
At 31 July 2024	178,556	5,115	6,949	20,643	300	211,562
Depreciation						
At 1 August 2023	40,552	82	3,405	16,160	-	60,200
Impairment of assets aquired from merger with BCL	(1,445)	-	-	-	-	(1,445)
Charge for the year	4,117	85	374	581	-	5,158
Elimination in respect of disposals	(1)	-	(12)	-	-	(13)
At 31 July 2024	43,223	168	3,767	16,741	-	63,899
Net book value at 31 July 2024	135,332	4,947	3,182	3,902	300	147,663
Net book value at 31 July 2023	135,717	5,032	2,818	1,826	3,846	149,239

* The DfE have charges over the Thurrock, Luckyn Lane and Averley sites, and should Averley be sold the funds will repay part the DfE loan. Additionally, the Southend Borough Council loan is secured on the Luker Road site.

Notes to the Accounts (continued)

9 Tangible fixed assets (College only)

	Freehold Land and buildings	Furniture	Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2023	173,092	5,569	15,513	3,846	198,020
Additions	377	691	1,626	300	2,994
Transfers from AUC	2,796	66	984	(3,846)	-
Transfers from Subs	1,553	-	2,294	-	3,847
Disposals	(2)	(31)	-	-	(33)
At 31 July 2024	177,816	6,295	20,417	300	204,828
Depreciation					
At 1 August 2023	39,004	2,754	13,689	-	55,447
Transfers	414	0	1840	-	2,254
Charge for the year	3,722	374	988	-	5,084
Elimination in respect of disposals	(1)	(12)	-	-	(13)
At 31 July 2024	43,139	3,116	16,517	-	62,772
Net book value at 31 July 2024	134,677	3,179	3,900	300	142,056
Net book value at 31 July 2023	134,088	2,815	1,824	3,846	142,573

Notes to the Accounts (continued)

10 Non current Investments

	College 2024 £'000	College 2023 £'000
Investments in subsidiary companies	830	830
Impairment	(830)	(516)
Total	-	314

The College owns 100 per cent of the issued ordinary £1 shares of The Backstage Centre Limited, a company incorporated in England and Wales. The principal business activity of South Essex Commercial Services Limited is to provide educational services to learners. The interest in The Backstage Centre Limited was acquired on 1 February 2020 upon merger with the National College for Creative and Cultural Industries.

The College owns 100 percent of the issued ordinary £1 shares of South Essex Commercial Services Limited, a company incorporated in England and Wales. The principal business activity of South Essex Commercial Services Limited is the operation of the car park, retail and conferencing activities. The interest in South Essex Commercial Services Limited was acquired on 22 July 2003 on its incorporation.

Prospects Learning Foundation Limited, a company incorporated in England and Wales is a wholly owned subsidiary of the College. The company ceased operations on 31 July 2024 and as required by UK accounting standards, the directors have prepared the financial statements on the basis that the company is other than a going concern. Following the transfer of assets and liabilities to the College the Company was then made dormant from that date.

Prospects Learning Foundation Limited owned 100 per cent of the issued £1 shares of Prospects Training Solutions Limited, a company incorporated in England and Wales. The company ceased operations on 31 July 2024 and as required by UK accounting standards, the directors have prepared the financial statements on the basis that the company is other than a going concern. Following the transfer of assets and liabilities to PLF the Company was then made dormant from that date.

Essex Shared Services limited (ESS) transferred its operations, assets and liabilities to Chelmsford College and South Essex College Group on a 33/67 split on 31 July 2024 at which point ESS ceased operations. All assets are valued at fair value at the balance sheet date being the amount receivable and realisable on its subsequent closure and no impairment has been necessary. As required by UK accounting standards, the directors have prepared the financial statements of ESS on the basis that the company is other than a going concern. The Company was then made dormant from that date.

Ownership	Profit/ (Loss) for Year of Entity	Net assets/ (Liabilities) of Entity	
		2024 £'000	2024 £'000
South Essex College Commercial Services Ltd (100% owned by South Essex College)	1	(69)	
Prospects Learning Foundation Ltd (100% owned by South Essex College)	(2)	-	
Prospects Training Solutions Ltd (100% owned by Prospects Learning Foundation)	(5)	-	
Backstage Centre Ltd (100% owned by South Essex College)	2	792	

The registered address for the above entities is Luker Road, Southend on Sea, Essex. SS1 1ND

11 Trade and other receivables

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Amounts falling due within one year:				
Trade receivables	115	22	475	395
Prepayments and accrued income	495	461	770	650
Amounts owed by the ESFA	646	646	798	798
VAT	12	12	-	-
Amounts owed by group undertakings	48	572	147	1,939
Corporation tax	-	-	65	-
Other receivables	145	106	1	-
Total	1,462	1,818	2,256	3,782

Notes to the Accounts (continued)

12 Creditors: amounts falling due within one year

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Obligations under finance leases	-	-	190	190
Trade payables	2,664	2,538	2,762	2,611
Amounts owed to subsidiary undertakings	-	-	-	3,236
VAT	-	-	15	13
Other taxation and social security	1,120	1,120	962	960
Accruals and deferred income	1,160	1,105	2,681	2,591
Holiday pay accrual	524	547	608	602
Deferred income - government capital grants	1,044	1,044	1,314	1,217
Amounts owed to the ESFA	1,117	1,117	264	264
Department for Education loan	820	820	-	-
Southend Borough Council loan	1,500	1,500	-	-
Other creditors	687	682	350	269
Total	10,637	10,472	9,147	11,953

The DfE loan is currently subject to interest only payments at PWLB rates. Capital repayments commence in 2025 over a loan period to 2039. The SBC loan is shown as due within 1 year, but at its maturity in February 2025 it will be repaid by a drawdown from the DfE facility and be reclassified over the term of that loan repayment. It currently incurs 1.05% interest

13 Creditors: amounts falling due after one year

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Department for Education loan	14,429	14,429	15,249	15,249
Obligations under finance leases	-	-	82	82
Pension liability to joint venture	207	207	207	207
Deferred income - government capital grants	29,771	25,717	28,519	23,796
Southend Borough Council loan	-	-	1,500	1,500
Essex County Council loan	2,000	2,000	2,000	2,000
Other creditors	762	762	143	143
Recoverable grant from Transactions Unit	3,255	3,255	3,255	3,255
Total	50,423	46,369	50,955	46,231

The Essex County Council Loan accrues nil interest and is under discussion with the Council regarding write off or repayment.

The DfE have charges over the Thurrock, Luckyn Lane and Averley sites, and should Averley be sold the funds will repay part of the DfE loan. Additionally, the Southend Borough Council loan is secured on the Luker Road site.

The Recoverable Grant from the Transactions Unit relates to the 2019 financing of the merger with Prospects College of Advanced Technology. Should the College meet the performance criteria associated with the grant, repayments to the Department for Education will automatically be made.

Notes to the Accounts (continued)

14 Maturity of debt

Bank loans are repayable as follows:

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
In one year or less	2,127	2,127	-	-
Between one and two years	1,836	1,836	568	568
Between two and five years	3,507	3,507	2,274	2,274
In five years or more	11,279	11,279	12,407	12,407
Total	18,749	18,749	15,249	15,249

Notes to the Accounts (continued)

15 Provisions Group

	Defined Benefit Obligations	Share of net assets of Joint Venture	Total
	£'000	£'000	£'000
At 1 August 2023	55	-	55
At 31 July 2024	55	-	55
College	Defined Benefit Obligations	Other	Total
	£'000	£'000	£'000
At 1 August 2023	-	-	-
Transferred to/(from) income and expenditure account	55	-	55
At 31 July 2024	55	-	55

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme (LGPS). Further details are given in Note 20.

At the year end 31 July 2024 the LGPS scheme had an overall scheme liability of £0.00k (2023: £0.00k), as shown in note 20.

16 Analysis of movements in net debt

	At 1 August 2023	Cash flows	Other changes	At 31 July 2024
	£'000	£'000	£'000	£'000
Cash and cash equivalents	1,303	1,266	-	2,569
Loans due in less than one year	-	-	(820)	(820)
Loans due in more than one year	(18,749)		820	(17,929)
Total	(17,446)	1,266	-	(16,180)

17 Capital commitments

	Group and College 2024 £'000	2023 £'000
Commitments contracted for at 31 July	2,433	4,296

Notes to the Accounts (continued)

18 Lease Obligations

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

	Group and College	
	2024 £'000	2023 £'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	5	51
Later than one year and not later than five years	18	25
later than five years	483	487
	<u>506</u>	<u>563</u>
Other		
Not later than one year	32	37
Later than one year and not later than five years	4	53
later than five years	-	-
	<u>36</u>	<u>90</u>
Total lease payments due	<u>542</u>	<u>652</u>

19 Contingent liabilities

There are no known present or possible obligation that may result due to an uncertain future event

Notes to the Accounts (continued)

20 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Essex Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was as at 31 March 2020 and of the LGPS 31 March 2022.

Total pension cost for the year	2024 £'000	2023 £'000
Teachers Pension Scheme: contributions paid	2,967	2,394
Local Government Pension Scheme:		
Contributions paid	2,895	2,658
FRS 102 (28) charge	1,630	2,880
Charge to the Statement of Comprehensive Income	4,525	5,538
Enhanced pension charge to Statement of Comprehensive Income	-	-
Total Pension Cost for Year	7,492	7,932

Teachers' Pension Scheme

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

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

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

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

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

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion (compared to £22 billion in the 2016 valuation)..

As a result of the valuation, new employer contribution rates rose to 28.68% from April 2024 (compared to 23.68% from 2019). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2023-24 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 £2,967k (2023: £2,394k)

20 Defined benefit obligations (continued)

FRS 102 (28)

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

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.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Essex County Council. The total contribution made for the year ended 31 July 2024 was £2,370,165, of which employer's contributions totalled £1,827,629 and employees' contributions totalled £542,536. The agreed contribution rates for future years are 20.1% for employers and range from 2.75% to 12.5% for employees, depending on salary. The actuarial valuation reported a net defined asset of £0 (2021/22: £2,756,000). The key financial assumptions for determining the defined benefit obligation for accounting are the discount rate, linked to high quality corporate bond yields, and the rate of future inflation. It is not possible to assess the accuracy of the estimated value of liabilities as at 31 July 2024 without completing a full valuation, however, the valuation have been calculated using the projected unit credit method of valuation and financial assumptions compliant with IAS19 and FRS102.

Principal Actuarial Assumptions

The latest valuation of the scheme assets and liabilities for which results are available:

	LGPS
Date of valuation	31 March 2022
Market valuation of assets	£8,103,000,000
Past service liabilities	£7,921,000,000
Surplus of assets	£182,000,000
CPI inflation	2.9% p.a
Salary increases	3.9% p.a.
Discount rate	4.3% p.a.

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

	At 31 July 2024	At 31 July 2023
Rate of increase in salaries	2.90%	2.85%
Future pensions increases	2.9%*	2.85%
Discount rate for scheme liabilities	5.05%*	5.15%
Inflation assumption (CPI)	3.20%	2.85%
Commutation of pensions to lump sums	50%	50%

*Whilst the discount rate assumption is shown as 5.05%, some actuaries in the FE sector have used a discount rate assumption of 5%. If this were adopted the pension liabilities would increase by £499k. The future pensions increases rate of 2.90% is also higher than the average of 2.78% in the FE sector, and if the average was adopted, this would lead to a decrease in the pension liability by £1,188k.

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations from age 65 are:

	At 31 July 2024	At 31 July 2023
	years	years
<i>Retiring today</i>		
Males	20.70	20.70
Females	23.30	23.20
<i>Retiring in 20 years</i>		
Males	22.00	22.00
Females	24.70	24.60

Notes to the Accounts (continued)

20 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

The College's share of the assets in the plan and the expected rates of return were:

	Split of assets held by the fund at 31 July 2024	Fair Value at 31 July 2024	Split of assets held by the fund at 31 July 2023	Fair Value at 31 July 2023
		£'000		£'000
Equities	55.00%	46,017	58.00%	43,463
Property	7.00%	5,704	8.00%	5,894
Gilts	2.00%	1,404	1.00%	982
Cash	3.00%	2,263	3.00%	2,083
Alternative Assets	15.00%	12,612	16.00%	11,714
Other Managed Funds	18.00%	15,050	14.00%	10,210
Total market value of assets		83,050		74,346
Actual return on plan assets		4,708		(544)

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

	2024 £'000	2023 £'000
Fair value of plan assets	83,050	74,346
Present value of plan liabilities	(56,661)	(53,365)
Present value of unfunded liabilities	(14)	(15)
Restriction on pension scheme asset	(26,375)	(20,966)
Net pensions (liability)/asset (Note 15)	-	-

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

	2024 £'000	2023 £'000
Amounts included in staff costs		
Current service cost	1,630	2,861
Administration costs	50	42
Past service cost		19
	1,680	2,922
Acquired on merger (Note 24)	-	-
Interest expense (Note 7)	(1,138)	(129)
Amount recognised in income and expenditure	542	2,793

Amounts recognised in Other Comprehensive Income

Return on pension plan assets in excess of interest	4,708	625
Experience losses arising on defined benefit obligations	285	(7,277)
Changes in assumptions underlying the present value of plan liabilities	(1,470)	24,125
Change in demographic assumptions	127	1,425
Restriction on pension scheme asset	(26,389)	(20,966)
Amount recognised in Other Comprehensive Income	(22,739)	(2,068)

20 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	2024 £'000	2023 £'000
Surplus/(deficit) in scheme at 1 August	-	2,756
Movement in year:		
Current service cost	(1,630)	(2,861)
Employer contributions	2,315	2,105
Past service cost	-	(19)
Net interest on the defined (liability)/asset	1,138	129
Administration costs	(50)	(42)
Actuarial gain or loss	3,650	18,898
Restriction of pension scheme asset	(5,423)	(20,966)
Net defined benefit (liability)/asset at 31 July	-	-

Asset and Liability Reconciliation

	2024 £'000	2023 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	53,380	67,707
Current Service cost	1,630	2,861
Interest cost	2,696	2,282
Contributions by Scheme participants	577	553
Experience gains and losses on defined benefit obligations	(285)	7,277
Changes in financial assumptions	1,470	(24,125)
Estimated benefits paid	(2,664)	(1,767)
Past Service cost	-	19
Unfunded pension payments	(2)	(2)
Change in demographic assumptions	(127)	(1,425)
Defined benefit obligations at end of period	56,675	53,380

Reconciliation of Assets

Fair value of plan assets at start of period	74,346	70,463
Interest on plan assets	3,834	2,411
Return on plan assets	4,708	1,493
Other actuarial gains/(losses)	-	(868)
Employer contributions	2,301	2,105
Contributions by Scheme participants	577	553
Administration costs	(50)	(42)
Settlements prices received/ (paid)	-	-
Estimated benefits paid	(2,666)	(1,769)
Fair value of plan assets at end of period	83,050	74,346

Notes to the Accounts (continued)

21 Related party transactions

South Essex College entered into a 50:50 joint venture agreement with Chelmsford College and formed Essex Shared Services Limited in August 2014 with the purpose to provide back office shared services to both Colleges. The annual cost for these services were £649k (2023: £743k). ESS will transfer its operations, assets and liabilities to Chelmsford College and South Essex College Group on 31st July 2024 at which point ESS will cease operations. All assets are assessed for impairment at the balance sheet date being the amount receivable and realisable on its subsequent closure and no impairment has been necessary.

The College entered into a tripartite agreement with Basildon Council and the Homes and Communities Agency (HCA) during 2015/16 to progress the disposal of the Basildon Campus and HCA land to enable circa 700 homes to be built over 5 years. The College will relocate some provision to Market Square in Basildon town centre and the Council will relocate the market as part of the arrangement. This has resulted in the 'Basildon Landowners Trust Account' being established. The first phase of land has been sold to the developers and on account payments have been received, of which the College has withdrawn £42.7m to offset work up costs to date and for the Council to commence works to relocate the market.

As part of the merger with Prospects College of Advanced Technology, the College received a performance related grant of £3,255k from the Department of Education to provide the College with financial stability. Additionally £3,888k was provided for repayment of an outstanding loan, the repayment of exceptional financial support and merger related costs incurred. Should the College meet the performance criteria associated with the grant, repayments to the Department for Education will automatically be made. This balance has been included in creditors due in more than 1 year.

There are no other related party transactions to note. (2023: none)

22 Amounts disbursed as agent

Learner support funds	2024 £'000	2023 £'000
Figure brought forward from prior year	-	189
Free Meals in FE support funds - ESFA & LA	-	234
Under 19 Support funds - ESFA	-	739
Guaranteed 16-19 Vulnerable funding	-	79
Discretionary support funds - ESFA	-	80
ALL bursary - ESFA	<u>-</u>	<u>106</u>
	-	1,427
Disbursed to students	-	(1,238)
Administration costs	-	(52)
Clawback	-	(8)
Balance unspent as at 31 July, included in creditors	<u>-</u>	<u>129</u>

Learner support funds provided by the ESFA are made available solely for the benefit of students. The administration costs are deducted in accordance with the ESFA regulations and represent a contribution towards the costs incurred by the College in disbursing these funds.

Notes to the Accounts (continued)

23 Events after the Reporting Period

Essex Shared Services limited (ESS) transferred its operations, assets and liabilities to Chelmsford College and South Essex College Group on a 33/67 split on 31 July 2024 at which point ESS ceased operations. All assets are valued at fair value at the balance sheet date being the amount receivable and realisable on its subsequent closure and no impairment has been necessary. As required by UK accounting standards, the directors have prepared the financial statements of ESS on the basis that the company is other than a going concern. The Company was then made dormant from that date.

Prospects Learning Foundation Limited, a company incorporated in England and Wales is a wholly owned subsidiary of the College. The company ceased operations on 31 July 2024 and as required by UK accounting standards, the directors have prepared the financial statements on the basis that the company is other than a going concern. Following the transfer of assets and liabilities to the College the Company was then made dormant from that date.

Prospects Learning Foundation Limited owned 100 per cent of the issued £1 shares of Prospects Training Solutions Limited, a company incorporated in England and Wales. The company ceased operations on 31 July 2024 and as required by UK accounting standards, the directors have prepared the financial statements on the basis that the company is other than a going concern. Following the transfer of assets and liabilities to PLF the Company was then made dormant from that date.

The College was inspected by Ofsted in October 2024 and was awarded an Overall Effectiveness Grade of Good.