



**PENWITH  
COLLEGE**





## REFERENCE AND ADMINISTRATIVE DETAILS

### 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 2022/23:

Martin Tucker – Principal and CEO; Accounting Officer  
Adele Bull – Director of Curriculum Development  
Hayley McKinstry – Director of Partnerships and Apprenticeships  
Jane Cashmore – Director of Operations  
Lisa Briscoe – Director of Student Experience  
Lucy Maggs – Director of Operations (Penwith)  
Scott Cryer – Director of Finance and Administration (resigned 28 Feb 2023)  
Vicky Pearson – Director of Teaching and Learning

#### Board of Governors

A full list of Governors is given on pages 16-18 of these financial statements.

#### Professional Advisers:

Financial Statement & Regularity Auditors:	Bishop Fleming LLP	Chy Nyverow Newham Road Truro
Internal Auditors:	Validera Ltd	Unit 3 Crompton Court Attwood Road Burntwood Staffordshire
Bankers:	HSBC	17 Boscawen Street Truro
Solicitors:	Michelmores	Woodwater House Pyne's Hill Exeter
	Stephens Scown	3 Cross Lane St Austell
	Ramsay Paterson	Lynwood Newland Garden Sherborne



### Attainment of Objectives – 2022/23

The College was mostly successful in 2022/23 in meeting the objectives for the year, despite the continued impact of recovery from Coronavirus:

- The total number of FT 16-18 students remained mostly static, partly due to the residual impact of coronavirus and also as Callywith College continues to expand its student enrolment from the north and east of the county.
- HE recruitment also remained static with the help from continued interest in the Nursing and Allied Health courses.
- The range of work undertaken to meet the needs of local employers and their employees has grown; for example we act as lead on two Skills Development projects designed to develop and grow programmes in technical skills and build collaborative relationships with local businesses. During the year we have seen a further increase in Apprenticeship starts.
- Investment has continued in the College's capital development partly due to increased capital funding.
- Excellent levels of achievement were maintained (see further details below), particularly in light of students who had not previously experienced formal examinations due to Covid.
- The College's financial position remains secure (see further details below).
- Changes to the adult funding formula have inevitably resulted in reduced numbers of learners aged over 19, but despite the existing financial climate recruitment remains stable.
- Enrolments by students funded by the Government's Advanced Learning Loans programme have fallen slightly compared to previous years.

### Resources

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

The College employs 900 people (expressed as full-time equivalents), of whom 432 are teaching staff. Support staff numbers include 126 Learning Support Assistants who provide 1:1 support for students in the College's large Foundation Learning provision.

During the year ended 31 July 2023 the College enrolled approximately 8,600 students. The College's student population includes 4,980 16 to 18-year-old students, 780 apprentices, 420 higher education students and 2,420 adult learners.

The College has £63.3 million of net assets (with £NIL pension liability) and does not have any debts. Tangible resources include all College sites and equipment with a current net book value of £97.0 million (excluding the infrastructure and land leased to Callywith College), financial investments valued at £4.5 million and short term cash deposits of £0.5 million as at 31 July 2023.

## **STRATEGIC REPORT (CONTINUED)**

### **Reputation**

The College has an excellent reputation locally and nationally, retaining Ofsted Outstanding in the latest inspection of 2016 and gaining a Silver TEF Award for HE provision in 2023. The quality of the College provision has enabled a host of partnership working including the Cornwall Teaching School, Cornwall SCITT Lead, the Maths Hub for Cornwall and West Devon and most recently has become one of only ten national Computer Hubs. These initiatives result in the College working cross phase with many schools in Cornwall and further afield in the South West of England. The College is also the only Cornish provider of the South West Institute of Technology. This provided funding of £2 million towards a £7.25 million new build, Valency, adjacent to the Seaton building. This building is now open and provides higher level qualifications and apprenticeships aligned against key LEP areas such as Digital and Engineering. Maintaining a quality brand is essential for the College's success in attracting students and fostering external relationships.

### **Stakeholders**

The College has many stakeholders including:

- Its current, future and past students
- Staff
- Parents
- Cornwall SCITT – Note 27 to the Financial Statements
- Truro and Penwith Academy Trust – Note 28 to the Financial Statements
- Callywith College Trust – Note 29 to the Financial Statements
- Local schools
- Education and Skills Funding Agency
- Office for Students
- The FE Commissioner
- Local employers
- Cornwall Council
- Government Offices
- Cornwall & Isles of Scilly Local Enterprise Partnership
- The local community
- Other FE institutions
- University of Plymouth
- University of Greenwich
- Other universities
- Royal Cornwall Hospitals NHS Trust
- South West Institute of Technology
- Trade unions
- Professional bodies

## **DEVELOPMENT AND PERFORMANCE**

### **Financial Results**

The College generated an underlying operating deficit in the year of £2,460,000 (2021/22 – deficit of £2,046,000) before other gains and losses. A number of adjustments arising from the implementation of FRS102, including changes in the value of the Local Government Pension Fund under defined benefit obligations, together with gains and losses on both the value of non-current financial investments and disposals of fixed assets, impact upon the operating surplus and give rise to total comprehensive income as set out on page 35 of the Financial Statements. The table below sets out these adjustments and reconciles total comprehensive income to the operating surplus.



## STRATEGIC REPORT (CONTINUED)

	Yr Ended 31 Jul 23 £'000	Yr Ended 31 Jul 22 £'000
<b>Total Comprehensive Income and Expenditure</b>	<b>2,006</b>	<b>21,554</b>
Actuarial (Gain)/Loss in respect of Pension Schemes	(5,869)	(28,953)
<b>Surplus/(Deficit) before tax</b>	<b>(3,863)</b>	<b>(7,399)</b>
Loss/(Gain) on Investments	695	1,637
Gain on Disposal of Assets	(334)	(913)
<b>Deficit before other losses and gains</b>	<b>(3,502)</b>	<b>(6,675)</b>
FRS 102 adjustments to Staff Costs in respect of Pension Schemes	895	4,069
FRS 102 adjustments to Interest Payable in respect of Pension Schemes	88	501
Transfers from Revaluation Reserve	59	59
<b>Underlying Operating Surplus/(Deficit)</b>	<b>(2,460)</b>	<b>(2,046)</b>

Governors acknowledge the efforts of the Key Management personnel and the staff in ensuring that the College has continued to operate extremely cost-effectively in the current climate of financial pressures faced by the sector.

### Developments

Tangible fixed asset additions amounted to £9,599,000. This related to equipment purchases of £2,664,000, building developments on the existing campuses at Truro and Penwith College of £1,623,000, works and fees in relation to the build of the Ottery building in Bodmin of £5,312,000.

### Sources of Income

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. For 2022/23 the various funding streams from the ESFA and the OFS totalled £32,495,000 which represented 67% of the College's total income.

### Subsidiary Companies

The College does not have any subsidiary companies other than Truro and Penwith College Trust Fund (see note 26 to the Financial Statements).

## FINANCIAL POSITION

### Financial Objectives

The overall objective for the College is to remain financially sound in order to be able to deliver its strategic planned objectives. Specifically these objectives will be achieved by:

- achieving an annual EBITDA surplus of 4% of turnover
- maintaining at least 35 cash days in hand
- sustaining a current ratio of 2.0
- limiting borrowing as a percentage of net assets to 20%
- pursuing alternative sources of funding
- funding continued capital investment through established reserves and borrowing

A series of performance indicators have been agreed against which to monitor the successful implementation of the policies and to realise a Financial Health Grade for the College of 'Outstanding' status as assessed by the Education and Skills Funding Agency (ESFA).



## STRATEGIC REPORT (CONTINUED)

### Performance Indicators

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). The College is expected to be assessed by the ESFA as having a "Good" financial health grading. The variance with the objective is a result of increased investment in staffing resources and ongoing challenges of high inflation and limited funding increases.

### FUTURE PROSPECTS

#### Financial plan

The College governors approved a financial plan in July 2023, which was further amended in Sept 2023, that sets objectives for the period to 2025 and projected operating deficits of between £2,212,000 and £2,368,000 per annum for the years 2023/24 and 2024/25 respectively. If achieved this would result in a 'Good' financial health grading for each of the next two years. The variance in expected grading was agreed by the governors as an acceptable consequence of increasing investment in staff and student experience and, whilst these would both result in cash surpluses, longer term strategies are being considered to return the College to an operational surplus position.

#### Treasury Policies and Objectives

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

The College has a separate treasury management policy in place. The College does not currently borrow money, but should the need arise, short-term borrowing for temporary revenue purposes would be authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

#### Cash Flows and Liquidity

Operating cash inflow was £38,000 (2022: outflow £3,153,000) for the year. The change from prior year reflects the College's continued management of operational resources within the current climate of reduced public funding, increased inflation and recovery from the Covid-19 pandemic.

#### Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in maintaining financial stability, supporting core activities and enabling investment. The College will use its cash balances to fund future capital projects and to continue to invest in its existing campuses. As at the balance sheet date the Income and Expenditure reserve was as follows:

	2022/23	2021/22
Non-current assets	102,091,000	100,934,000
Net current assets	2,520,000	4,256,000
Pension liability	-	(4,886,000)
Other long-term liabilities	(41,071,000)	(38,770,000)
Income and Expenditure reserve	(63,540,000)	(61,534,000)

## **STRATEGIC REPORT (CONTINUED)**

### **Going Concern**

The College continues to maintain a strong balance sheet with £2.5 million in net current assets, £4 million in managed investments and no borrowing. The planned level of capital expenditure has been included in cashflow forecasts over the short to medium term along with expectations relating to student numbers and staffing levels.

After making appropriate enquiries and reviewing the College current performance along with the indicated strategic and financial plans and risk management, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

### **CURRENT PERFORMANCE**

The academic year of 2022-2023 saw another year of fantastic outcomes for Truro and Penwith College students. The academic year saw second year of support for a cohort of students who, for the first time, since SATs during primary school, were to experience formal assessments and exam conditions. Most of the 2022-2023 student cohort entered their college journey with Teacher Assessed Grades (TAGs).

Academic staff supported students toward their assessments with this in mind, amending course delivery accordingly and focussing more intently on exam preparation and revision strategies. An exceptionally busy year of exams saw 11,510 entries over the year (excluding on demand exams). This, combined with a package of pastoral support through the tutorial programme, Student Services and Learning Support Services, allowed this cohort of students to gain their qualifications and progress to their next steps.

#### **GCE Advanced Level**

There were over 8000 A Level exam entries and a 99.3% pass rate (national average 2023 = 97.2%). Students achieved 144 A\*-A grades and a 100% pass rate in 41 of our 60 A Level subjects including Electronics, Spanish, Politics, Economics, Medieval History, Geology, Further Maths, Computer Science, Sociology and English Literature, up from 35 subjects in 2019. 53% of our students achieved incredible A\*-B grades (National Average is 52.7%). 78% of our students were successful in gaining grades at A\*-C (National Average = 75%).

There was a 100% pass rate in 17 Penwith A Levels subjects and a 100% pass rate in 24 Truro A Level subjects. Numbers of STEM students who gained an A Level pass include Maths 183, Further Maths 69, Biology 183, Chemistry 132 and Physics 89. Science students studying A Levels in subjects such as Geology and Physics enjoyed 100% pass rates with over 75% achieving exceptional grades at A\*- B or A\*- C.

100% of our students studying creative A Level subjects such as Film Studies gained A\*-B grades and 100% of our students studying performance-based A Level subjects such as Dance gained A\*- C grades. We achieved a 100% pass rate in creative A Levels such as Photography, Music, Drama, Product Design, Media, Textiles and Graphic Design.

There were 808 STEM subject (Science Technology Engineering, Maths) A Level exam entries and a 100% pass rate in A Level PE with 60% of these students gaining A\*-B grades. At Penwith, exceptional STEM subject A Level results included 55% of A Level Maths students, 53% of A Level Physics students and 62% of A Level Further Maths students achieving an A or A\*. At Truro, exceptional A Level results included 80% of A Level Dance students, 64% of A Level Textiles students and 40% of A Level Electronics students achieving an A or A\*.

## **STRATEGIC REPORT (CONTINUED)**

### **International Baccalaureate (IB)**

The IB programme continues to be very successful, enabling students to engage in the local and global community. Truro College is one of the largest state providers of the IB in the UK and the only one in Cornwall. It has been another fantastic year for our students with an average point score of 35, 5 points above the global average of 30, and 0.5 above the national average of 34.5. This is even more pleasing when we take into account that fact that the majority of centres who do the IB in the UK are independent and/or selective schools. There are only 22 state schools who do the IB in the UK, and the majority of these are grammar schools, and most of the others are stand-alone sixth forms. There was a 100% pass rate and 25% of students scored 40+ points (2022 GA: 14%). One student achieved 45 points. This year, only 25 students in the UK and 179 globally got 45 points, far fewer than in previous years. Two students achieved 43 points.

### **Vocational Courses**

Achievement levels on vocational programmes also remain high. Over 600 students achieved their L3 Extended Diplomas (equivalent to three A Levels), with a 94% pass rate overall and a 100% pass rate in 10 Level 3 Vocational Diploma subjects. 43% of students gained DDD or higher (4% above 2019 n/a), equivalent to at least three A's at A Level and 75% of students gained MMM or higher, equivalent to at least three B grades at A Level. The top grades of D\* or triple D\* were achieved by 7% of students (3% above national average).

Sport, Health, and Social Care and Science Diplomas saw more than 80% of students gaining MMM or higher. 80% of students studying level 3 diplomas in creative subjects such as Media and Photography achieved high grades of Merits and Distinctions, equivalent to A's and B's at A Level. 80% of students studying level 3 diplomas in Health and Social Care achieved high grades of Merits and Distinctions, equivalent to A's and B's at A Level. 70% of students studying level 3 Diplomas in Sport achieved high grades of Merits and Distinctions, equivalent to A's and B's at A Level.

### **T Levels**

After a challenging year, we secured a 100% pass rate on all T-levels with 62% of our T-level students achieving the top grade, equivalent to three A's or three A\*'s at A Level. Over 70% of our T-level in Early Years Education students gained top marks with a distinction grade or above. T-levels are offered in subjects such as Digital Design, Health, Education, Construction & Surveying and Science.

### **English and Maths Level 1 & 2**

GCSE pass rates for the summer exams was 98% for both English and Maths. 26% of Maths students achieved 4 and above, which was 10% above national average. 29% of English students achieved grade 4 and above, which was 3% above the national average. For Functional Skills English the pass rate was 47% at Level 1 and 34% at Level 2, for Maths it was 20% at Level 1 and 31% at Level 2. A key issue for Functional Skills was students not turning up to their exams, if we look at pass rates for students who sat the exam they are: Functional Skills English 67% at Level 1 and 44% at Level 2, Functional Skills Maths 27% at Level 1 and 37% at Level 2.

### **Apprenticeships**

Apprenticeship outcomes are not yet complete at time of writing with many achievements being claimed by the middle of October. The best case for the apprenticeships achievement rate this year is 68.5%. End point assessments (EPA) have evidenced effective planning and support resulting in a total pass rate of 99.1%. To date 267 EPA events have taken place across Truro and Penwith College with 55% achieving a Pass, 4% receiving a Merit and 41% receiving a Distinction (Only 3 standards have the option of achieving a Merit).





## **STRATEGIC REPORT (CONTINUED)**

Our wide range of vocational courses and apprenticeship programmes have seen substantial growth, including the successful introduction of several T Level programmes. The range of vocational/technical provision reflects the interests and enthusiasms of students, the acquisition of employability and personal skills for future progression, as well as the requirements of local and national employers.

There is major commitment to Foundation Learning providing locally based and accessible curriculum addressing the problems faced by the County for high needs provision which is otherwise frequently distant and residential, generating additional stress for students and families. The Matrix report 2020 noted 'IAG support for students with additional needs and those with EHC plans is extensive and in-depth, reflecting the College's position as the main provider in the county for high needs and PMLD support. Continuous investment in facilities and raising the quality of support results in progression that exceeds parental expectation and commissioners' objectives.'

2022/23 saw the introduction of a newly designed level 2 study programme to facilitate improved progression into further education, employment, or an apprenticeship with an increased emphasis on work skills and personal development.

### **Adult provision**

The College works closely in Partnership with the LEP and other key partners such as the FSB and the Chamber of Commerce and aligns its small adult provision against the Economic Development Strategy for Cornwall and the LSIP to create programmes which develop the workforce and provide opportunities for employment, especially within the city of Truro as the centre for many key employers. The College offers for example professional qualifications which align against the employment demand within the county and is often the only provider to do so.

### **Higher Education provision**

The College is realigning HE provision to be more skills based and responsive to the local need. Engineering and Digital programmes developed through the Institute of Technology and Nursing and Allied Health programmes developed in partnership with NHS Trusts, play a key part in this. The Higher Technical Qualification Quality Mark approval process has begun with the College submitting and achieving approval for the Cyber Security and Nursing Associate Foundation Degree Programmes. Further courses in engineering and construction will be submitted in 2023.

### **Bespoke provision**

Truro and Penwith College Business provide courses in response to the needs of employers and employees and are committed to developing and expanding such provision further, ensuring we meet the priorities identified by the LEP in the strategic economic plan for Cornwall and the LSIP to ensure that skills gaps are reduced and there is succession planning in place for the ageing workforce in the industries that have been identified. Partnerships continue to be developed in a range of sectors including Engineering, Digital, Construction and Retrofit, Electric Vehicles and Hospitality and Catering. Our offer ranges from specifically designed bespoke training to tailoring existing qualifications to better address employer's needs.

## **EXTERNAL JUDGEMENTS OF QUALITY**

The most recent Ofsted inspection report was published in April 2016 and awarded Grade 1, Outstanding, for Overall Effectiveness. The College became the first in the country to achieve an Outstanding grade under the Common Inspection Framework and remains one of only 48 nationally to do so. All the key inspection categories: Effectiveness of Leadership and Management, Quality of Teaching, Learning and Assessment, Personal Development, Behaviour and Welfare and Outcomes for Learners were graded as 1, Outstanding.

In addition, 16-19 Study Programmes and Provision for Learners with High Needs were also judged to be Outstanding.

The College's Higher Education provision gained the Gold Standard in the previous Teaching Excellence Framework cycle in 2017/18 and was successfully reviewed in 2017/18 through the University of Plymouth's (UoP) 5-year review of the College's Higher Education provision. Our older HE courses have gone through UoP re-approval over the last four years to bring them all up to date. In March 2022 discussions between the Director of UoP Academic Partnerships and HE PTL led to confirmation that the UoP fee charges will not be subject to change until a new 5-year Academic Cooperation Agreement with the University of Plymouth is negotiated (for a 2024 start). The College completed the Office for Students (OfS) registration process in 2019/20 and is now on the OfS Register as an HE Provider. An outcome of that process was a review of HE Governance to ensure the College meets the requirements of OfS and resulting from that review was the instigation of a risk register for all the OfS registration conditions.

Higher Education activity continues to adapt to a rapidly changing environment, with the college preparing for review of Student Outcomes by the OfS through the new "B3 conditions" and to engage in the new cycle of TEF, both during autumn 2022. The College has added variations to its 5-year OfS Access and Participation Plan, that will modify activity as we move into a new Access and Participation Plan cycle. Our curriculum continues to evolve with some level 5 programmes now approved as Higher Technical Qualifications (HTQs); FdSc Cyber Security and FdSc Nursing Associate becoming HTQs in 2022/23. New University of Plymouth approvals are being developed to reflect the opportunities linked to Apprenticeship Standards and HTQ badging as well as the potential opportunity linked to Lifelong Learning Entitlement proposals.

HE provision at the College is embracing more Pearson EDEXCEL Higher National Certificates and Diplomas (HNC/HND) as part of the South West Institute of Technology developments, with new programmes in Engineering, Construction and Space Technologies starting in 2022/23. Curriculum development with the University of Greenwich continues, supporting Higher Apprenticeship and Degree Apprenticeship developments in the Health and Care Sector, and the college now has students on Apprenticeships and funded through the Office for Students, working alongside each other on these programmes. The Director of Curriculum Development continues to focus the College's HE curriculum on creating high value employment opportunities for people and businesses in Cornwall.

The College has Investors in Diversity and Investor in Careers status and also Matrix accreditation for advice and guidance across the whole of its provision. Reaccreditation for Investors in Diversity was achieved in February 2021 and Matrix reaccreditation was awarded in March 2020.

In November 2016 the College received the AoC Beacon Award for Leadership and Governance. In November 2017 the College received the AoC Beacon Award for Mental Health and Wellbeing and was also the winner of the Leading Light Award. In 2021/22 Foundation Studies provision was highly commended by the AoC.

## PRINCIPAL RISKS AND UNCERTAINTIES

### Risk Management

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.

## STRATEGIC REPORT (CONTINUED)

The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a summary of the principal risk factors that affected the College during 2022/23.

### 1. Government funding and curriculum developments

The College is aware of several factors which may impact on future funding, including the new government Skills and Post-16 Education Act. The College was one of the early adopters of the new T-Levels and has collaborated on a number of capital projects relating to the development of Higher Level technical qualifications and Strategic Development fund. These new developments are exciting opportunities for the College to be a national leader and delivering high quality will be a significant opportunity for the College. The College is working with key stakeholders to ensure it develops a future offer that meets the needs of local employers and students.

### 2. Student Recruitment

Although demographics are now expected to rise until 2025 and beyond, the College will need to continue to manage the shift of learners to Callywith and respond to competition from other providers. A variety of issues have been identified that could affect the enrolments across all ages and mitigating actions are being developed to address these where possible. Some ongoing volatility and suppression in recruitment levels across funding streams has been experienced since the pandemic particularly in HE and ensuring an on-going focus upon the quality of provision remains a key priority for the College.

### 3. Estates maintenance and security

With the increasing age of buildings at the Truro campus and other sites, the College is aware of increasing related costs and risks associated with estates management. Increasing awareness of security related issues and the risks that are posed by the open campus have identified particular areas and the College is working towards addressing those through development of the estates team and capital investment in targeted improvements and access controls.

### 4. Failure to constrain expenditure

Government funding through the Education and Skills Funding Agency (ESFA) has continued to reduce in real terms. The College has a strong financial base from which to address this problem. Careful budget planning and in year monitoring, along with ongoing reviews to identify efficiencies, helps to mitigate this risk.

### 5. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS102. In 2022/23 this reduced to a £NIL balance however this was following a significant shift in the past two years and future positions are not predictable.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. It identifies systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the



## STRATEGIC REPORT (CONTINUED)

Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College which is reviewed at least annually by the Audit Committee and the Corporation, and more frequently where necessary.

## EQUALITY, DIVERSITY AND INCLUSION

Truro and Penwith College has a commitment to meet the general and specific duties contained in The Equality Act 2010. The College recognises the educational and business benefits of having a diverse community of staff and learners who value inclusion, diversity, one another and contribute to the achievement of the College's mission:

***'to provide the best possible learning experience leading to the highest possible level of achievement by our students'***

The College was reaccredited with the Investors in Diversity Quality Mark in 2021 and ranked within the top 25 of the 600+ organisations involved nationally with the scheme. This demonstrates the College's commitment to an all-encompassing approach to equality, diversity and inclusion. The College culture seeks to be inclusive and as appropriate provide support to remove barriers to the educational achievement, personal progression and participation of individual learners. The College aims to provide a learning and working environment which values individuals equally and does not disadvantage individuals by discriminating on any grounds including age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex (gender), and sexual orientation.

In the College's earlier individual equality schemes detail was given both on the legislative framework and on the general and specific statutory duties which apply to all public bodies, including tertiary colleges. This policy remains compliant with these duties, which cover race, disability, age and gender, and also encompasses the broader single equality duty covering the protected characteristics. This Policy sets out the College's equality principles, aims and objectives for the period 2022/23. The scheme describes how the College will:

- Promote equality of opportunity and avoid discrimination
- Place the advancement of inclusion, equality and diversity at the centre of its work
- Not tolerate harassment, victimisation or discrimination and has procedures in place to deal with such incidents
- Ensure that Truro and Penwith College operates best practice as an employer in pursuit of equality

The central aim of the College's Policy is to require action which will remove any existing barriers to all staff, students, governors and visitors, irrespective of age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex (gender) and sexual orientation.

### Trade union facility time

The Trade Union Act 2016 and the Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish data each year on paid facility time for employees who are trade union representatives.

## STRATEGIC REPORT (CONTINUED)

The statutory right to reasonable time off during working hours for trade union representatives is set out in;

- the sections 168, 168A and 170 of the Trade Union and Labour Relations (Consolidation) Act 1992 Act;
- section 10 of the Employment Relations Act 1999; and
- regulations made under section 2 of the Health and Safety at Work etc. Act 1974.

Numbers of employees who were relevant union officials during the relevant period	8
FTE employee number	7
Percentage of time	Number of employees
0%	0
1-50%	8
51-99%	0
100%	0

Total cost of facility time	£14,320
Total pay bill	£34,705,932
Percentage of total bill spent on facility time	0.04%

Hours spent on paid facility time	622
Hours spent on paid trade union activities	0
Percentage of total paid facility time hours spent on paid TU activities	0%

### Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to disclose data regarding payment performance of suppliers. During the accounting period 1 August 2022 to 31 July 2023, the College paid 60.6 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

### 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.

Approved by order of the members of the Corporation on 13 December 2023 and signed on its behalf by:

Signature \_\_\_\_\_

Robert Townsend, Chair

Date:

Date: 13/12/2023

### Governance Statement

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

The College endeavours to conduct its business:

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

In the opinion of the governors, the College complies with all the provisions of the Code insofar as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2023. 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 (and revised September 2021), which it formally adopted in November 2015, and has regard for the Higher Education Code of Governance issued by the Committee of University Chairs (CUC) in September 2020.

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.

# STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

MEMBERS WHO SERVED ON THE CORPORATION DURING THE YEAR COMMENCING 1 AUGUST 2022 AND UP TO THE DATE OF SIGNATURE OF THIS REPORT ARE LISTED BELOW

Name	Date of First Appointment	Date of Latest Appointment	Term of Office	Date of Resignation	Status	Committees Served	Corporation Meetings Attended in 2022/23	Total Meetings Attended in 2022/23
Ms A Anderson	5 Oct 2022		7 Jul 2023		Student Member	Teaching, Learning & Assessment	4/4	6/7
Mrs K Ashworth	1 Aug 2013	1 Aug 2021	31 Jul 2025		External Member	Employment & Business Policy; Investment Panel	3/4	8/10
Mrs L Batchelor	1 Oct 2012	1 Aug 2020	31 Jul 2024		External Member	Employment & Business Policy; Audit; Teaching, Learning & Assessment; Remuneration (Chair)	3/4	20/24
Mr R Bray	1 Sept 2020		31 Aug 2024		Staff Member	Teaching, Learning & Assessment	3/4	4/9
Mr J Burnett (Chair of Corporation from 1 Aug 2021)	1 April 2021		30 April 2025	31 March 2023	External Member	Teaching, Learning & Assessment; Employment & Business Policy (Chair); Finance & General Purposes; Search & Governance	3/3	15/15
Mr P Callen	1 Nov 2016	1 Aug 2020	31 Jul 2024		External Member	Finance & General Purposes; Investment Panel	3/4	10/11
Mr D Collins	1 Aug 2017	1 Aug 2021	31 Jul 2025		External Member	Finance & General Purposes	1/4	7/12
Mr M Cooper	22 Nov 2019		31 Jul 2023		External Member	Finance & General Purposes	3/4	7/9
Mr H Dean	13 Dec 2023		5 July 2024		Student Member	Teaching, Learning & Assessment	-	-
Mr G Doody	29 Mar 2023		7 Jul 2023		Student Member	Teaching, Learning & Assessment	1/1	2/2
Mrs L Gooding	1 Sept 2020		31 Aug 2024		External Member	Teaching, Learning & Assessment	3/4	4/9
Mr L Hallam	4 Oct 2023		3 Oct 2027		External Member	Audit Committee	-	-

# STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

MEMBERS WHO SERVED ON THE CORPORATION DURING THE YEAR COMMENCING 1 AUGUST 2022 AND UP TO THE DATE OF SIGNATURE OF THIS REPORT (CONTINUED)

Name	Date of First Appointment	Date of Latest Appointment	Term of Office	Date of Resignation	Status	Committees Served	Corporation Meetings Attended in 2022/23	Total Meetings Attended in 2022/23
Mr O Marshall-Whitley	4 Oct 2023		3 Oct 2027		External Member	Teaching, Learning & Assessment	-	-
Mr J Parsley	4 Oct 2023		5 July 2025		Student Member	Teaching, Learning & Assessment	-	-
Ms K Prosser	1 Sept 2020		31 Aug 2024		External Member	Finance & General Purposes	2/4	6/9
Mr R Van De Velde	4 Oct 2023		3 Oct 2027		External Member	Finance & General Purposes	-	-
Mrs S Sanderson	1 Aug 2014	1 Aug 2022	31 Jul 2026		External Member	Audit, Teaching, Learning & Assessment	4/4	21/21
Ms D Skinnard	14 Mar 2006	1 Aug 2020	31 Jul 2024		External Member	Employment & Business Policy; Audit Committee	3/4	8/10
Mr R Townsend (Chair of Corporation from 1 April 2023)	1 Aug 2019	1 Aug 2023	31 Jul 2027		External Member	Investment Panel; Search & Governance	4/4	18/19
Mr D Tse	5 Oct 2022		7 Jul 2023		Student Member	Teaching, Learning & Assessment	3/4	4/5
Mr M Tucker	1 Sept 2020		ongoing		Principal	Finance & General Purposes; Search & Governance; Employment & Business Policy; Chairs' Standing Committee; Teaching, Learning & Assessment; Investment Panel	4/4	24/26

# STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

MEMBERS WHO SERVED ON THE CORPORATION DURING THE YEAR COMMENCING 1 AUGUST 2022 AND UP TO THE DATE OF SIGNATURE OF THIS REPORT (CONTINUED)

Name	Date of First Appointment	Date of Latest Appointment	Term of Office	Date of Resignation	Status	Committees Served	Corporation Meetings Attended in 2022/23	Total Meetings Attended in 2022/23
Prof F Wall	1 Sept 2021		31 Aug 2025		External Member	Teaching, Learning & Assessment	2/4	5/9
Mr A Young	1 Aug 2016	1 Aug 2020	31 Jul 2024	31 Mar 2023	External Member	Finance & General Purposes (Chair); Investment Panel	3/3	16/16
Mrs A Winter is Clerk to the Corporation							6/6	31/32



## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

The Corporation consists of eighteen members (with the flexibility to vary the membership from a minimum of fifteen to a maximum of twenty-five governors) and includes the Accounting Officer, a staff member, three students and at least eleven external members.

The Search and Governance Committee has established clear rules for the appointment and re-appointment of governors and is responsible for monitoring the membership of the governing body and its committees; for recruiting, selecting and recommending the appointment and re-appointment of members; and for the succession planning of governors and the Chair of the Corporation as well as the Chairs of the committees.

The Committee meets once each term and reports formally to the Corporation annually. The Committee regularly reviews the overall profile of the governing body, length of service of governors and the skills and experience offered. The Committee is committed to increasing the diversity of the Corporation to broaden the perspective of the boardroom and to include representation from across the local community. The Committee recognises the value of refreshing the membership and actively plans for succession to ensure an appropriate turnover to bring in new ideas whilst ensuring continuity and maintaining the necessary range of skills and experience to operate effectively.

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with 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 meets quarterly.

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 Finance and General Purposes, Teaching Learning and Assessment, Employment and Business Policy, Remuneration, Audit, and Search and Governance. There is also a Chairs' Standing Committee. Full minutes of all meetings, except those deemed confidential by the Corporation, are available from the Clerk to the Corporation at: Truro and Penwith College, College Road, Truro, TR1 3XX. They are also available on the College website at [www.truro-penwith.ac.uk](http://www.truro-penwith.ac.uk).

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 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 Board meetings. Briefings are also 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.



## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

### Appointments to the Corporation

All new appointments to the Corporation are a matter for approval of the Corporation as a whole. The Corporation has a nominations committee (Search and Governance Committee) which is comprised of the Chair and Vice-Chair of the Corporation, the Chairs of the respective Standing Committees and the Accounting Officer and is responsible for considering nominations and making recommendation to the Corporation. The Corporation is responsible for ensuring that appropriate training and development is provided as required.

Members of the Corporation are appointed for a term of office not exceeding 4 years.

Records of Governors' attendance are maintained and are monitored by the Search and Governance Committee.

### Corporation Performance

The Corporation commissioned an external review of governance in 2022/23. 'Governance4FE' was appointed in October 2022 to carry out an External Board Effectiveness Review. The review has been carried out over the period from November 2022 to March 2023. The external review concluded:

*"Within the overall review of governance compliance and the Board's effectiveness, this is a positive report set against a backdrop of an executive team becoming embedded, and the college addressing the current local strategic and the wider sector policy challenges. This summary of review outcomes should be read in conjunction with the full report as the report contains important contextual information, rationale, and evidence for all the recommendations made. The review considered the Board's effectiveness across the 5 main areas.*

### GOVERNANCE STRUCTURES

*The Board understands and adheres to the differences of role between the operational role of management & strategic role of governors. Financial management and internal control systems give confidence and assurance, and a high level of governance compliance is achieved. Committees work well, and alongside considerable oversight of and involvement in the SAR process, governors have clear insight on the strengths and weaknesses of the college. The Board's expertise in post-16 education, sector policy, and marketing and comms, have contributed to the college's success to date. Regular circulation of information and data on update items and activity by the Principal/Executive team between meetings (such as a monthly report) could free up time in the meetings for greater discussion and dialogue on key issues such as strategy and risk management.*

### RELATIONSHIPS

*There is a willingness by all to demonstrate openness and transparency. Senior staff are very approachable, and the Board is supported by a competent governance professional. Governors are generous with their time and support on activities. The Board's understanding of educational priorities and skills development has been strong. For this to continue, board members' expertise needs to continue to reflect Cornwall's industries and future skills needs. An increase in external focus by governors on their ambassadorial role and sharing of connections from their networks and spheres of influence, would further support the Executive and enhance the student experience.*

### ENABLING

*The Board's use of the Board portal Convene, helps to facilitate timely information flows to support engagement and decision making. The student voice is embedded throughout discussions and decisions, with governors providing challenge on the student experience and keeping students at the heart of everything the college does. Enabling increased participation by all governors in meetings will help to ensure diversity of perspectives contribute to effective support and challenge of the Executive, to drive appropriate decision making.*

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

### **ALIGNMENT**

*The Board has clear oversight of annual performance KPIs and short-term goals through the SAR process. Governors have made a clear contribution to the setting of vision, values, and ethos of the college. Greater clarity could be gained on how the Board and committee work links with strategic plan priorities. Improved engagement between board and executive members to define annually the Board's priorities, would deliver more strategic agenda planning and reporting.*

### **TEAM**

*The Board has taken demonstrable actions to build a board and senior team with the expertise, knowledge, and skills to deliver on its strategic priorities. Composition, succession, and board effectiveness are discussed, and performance indicators are in place to support governance improvement and effectiveness. Expanding the current governance review process to include an annual review of individual governor's contribution, achievements, and support needs, could contribute to greater governor engagement and awareness of how and where the Board adds value, and the contribution of governance to the organisation's performance."*

### **Governor Training and Development**

The Corporation is committed to governor development and all governors are expected to take part in ongoing development and identify any training needs via the biannual skills audit process. As well as a 24 hour residential conference which includes a programme of presentations and updates on sector developments, additional briefings are provided throughout the year. Governors are also encouraged to participate in external development opportunities and during this year all governors undertook Prevent training. Individual governors also attended Association of Colleges sessions on a range of topics including induction training, finance masterclass, audit masterclass and meeting local skills needs.

In 2021 the Clerk to the Corporation completed the Education & Training Foundation (ETF) 'Technical Aspects of being a Governance Professional' programme and gained membership of the Institute of Leadership and Management (ILM). The Clerk also takes part in regular AoC network meetings to maintain understanding of sector developments and best practice.

### **Remuneration Committee**

Throughout the year ended 31 July 2023, the College's Remuneration Committee comprised four members, being the Chairs of the Teaching Learning and Assessment and Employment and Business Policy Committees and two other governors. The Committee's responsibilities are to make recommendations to the Chair of the Board on the remuneration and benefits, and other conditions of service, of the Accounting Officer, other senior postholders and the Clerk.

Details of remuneration for the year ended 31 July 2023 are set out in note 8 to the Financial Statements.

### **Audit Committee**

The Audit Committee comprises four members of the Corporation (excluding the Accounting Officer and the Chair), who may not be members of the Finance and General Purposes Committee simultaneously, and up to two non-Corporation members, one of whom is a co-opted audit specialist.

The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal and external 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 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 recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

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

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

<b>Committee member</b>	<b>Meetings attended</b>
Mr K Curtis (appointed February 2023)	2
Mr R Townsend (resigned from the Committee April 2023 when appointed Chair of Corporation)	2
Mrs S Sanderson	3
Ms D Skinnard	2
Mrs L Batchelor	3
Mr A Wheeldon	3

### **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 he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the College and the funding bodies.

He 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.

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)**

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 the College for the year ended 31 July 2023 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 2023 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.

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

### ***Risks faced by the Corporation***

During the year the Corporation identified, evaluated and managed the risks faced as outlined in the principal risks and uncertainties on Page 11.

### ***Control weaknesses identified***

During the annual cycle of reviews the internal auditors did not identify any significant control weaknesses.

### ***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.



## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

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 2022/23 and up to the date of the approval of the financial statements are:

- Performance Management
- Core Financial Controls
- Student Records - 16-19 Funding
- IT Cyber Security

### *Review of effectiveness*

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

- The work of the internal auditors;
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework;
- Comments made by the College's financial statements auditors in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of his 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. A plan to address weaknesses and ensure continuous improvement of the system is in place.

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

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

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

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

Approved by order of the members of the Corporation on 13 December 2023 and signed on its behalf by:

Signature

Robert Townsend, Chair

Martin Tucker, Accounting Officer

Date \_\_\_\_\_

13/2/2023

Date \_\_\_\_\_

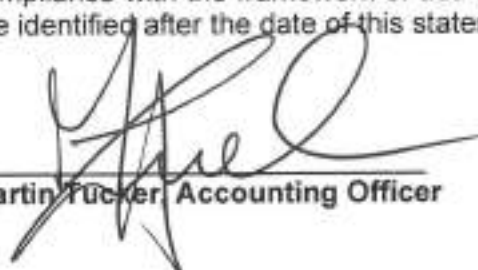
13-12-2023

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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

  
Martin Tucker, Accounting Officer

Date: 13-12-23

### Statement of the Chair of Governors

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

  
Robert Townsend, Chair

Date: 13/12/2023





Approved by order of the members of the Corporation on 13 December 2023 and signed on its behalf by:

  
\_\_\_\_\_  
Robert Townsend, Chair

Date: 13/12/2023

# INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF TRURO AND PENWITH COLLEGE

## Opinion

We have audited the financial statements of Truro and Penwith College (the 'Corporation') for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: Accounting for Further and Higher Education (the 'FE HE SORP') and the College Accounts Direction for 2022 to 2023.

In our opinion the financial statements:

- give a true and fair view of the state of the Corporation's affairs as at 31 July 2023 and of the Corporation's Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the FE HE SORP, College Accounts Direction 2022 to 2023 and the Office for Students' 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 Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to Going Concern

In auditing the financial statements, we have concluded that the members' 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 Corporation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members 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 Corporation's Strategic Report, other than the financial statements and our auditor's report thereon. The members 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF TRURO AND PENWITH COLLEGE (CONTD)**

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

We have nothing to report in this regard.

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

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

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

### **Opinion on other matters prescribed by the Office for Students' Accounts Direction**

In our opinion:

- Funds from whatever source administered by the Corporation for the specific purposes have been applied to those purposes and managed in accordance with relevant legislation; and
- Funds provided by the Office for Students ('OfS') and Research England have been applied in accordance with the relevant terms and conditions and any other terms and conditions attached to them.

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

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

### **Responsibilities of Corporation**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 24, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



**Auditor's responsibilities for the Audit of the Financial Statements**

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

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

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

- the nature of the sector, control environment and the Corporation's performance;
- results of our enquiries of management and the members, including the committees charged with governance over the Corporation's finance and control, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Corporation's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- how the Corporation ensured it met its obligations arising from it being financed by and subject to the governance requirements of the ESFA and OfS, and as such material compliance with these obligations is required to ensure the Corporation will continue to receive its public funding and be authorised to operate, including around ensuring there is no material unauthorised use of funds and expenditure; and
- the matters discussed among the audit engagement team and involving relevant internal Corporation specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the Corporation for fraud, which included incorrect recognition of revenue and management override of controls using manual journal entries and these were identified as having the greatest potential for fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the Corporation operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the College Accounts Direction, the Office for Students' Accounts Direction, the FE HE SORP, and the UK Companies Act.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Corporation's ability to operate or to avoid a material penalty. These included safeguarding regulations, data protection regulations, occupational health and safety regulations, education and inspections legislation, and employment legislation.



## REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY

In accordance with the terms of our engagement letter dated 6 September 2022 and further to the requirements of the financial memorandum with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Truro and Penwith College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Code of Practice ("the Code") issued by the Department. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the Department has other assurance arrangements in place.

This report is made solely to the Corporation of Truro and Penwith College and the Department in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Truro and Penwith College and the Department 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 Truro and Penwith College and the Department for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Truro and Penwith College and the Reporting Accountant**

The Corporation of Truro and Penwith College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which 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 2022 to 31 July 2023 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 of Practice issued by the Department. We performed a limited assurance engagement as defined in that framework.

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

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



## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY (CONTD)

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across the College's activities;
- Evaluation and validation of the processes and controls in place to ensure regularity and propriety for the use of public funds, including the consideration of the College's self-assessment questionnaire (SAQ);
- Sample testing of income and expenditure to ensure that funds have been applied for the purposes that they were awarded, focussed on areas assessed as higher risk.

### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**BISHOP FLEMING LLP**  
Chartered Accountants  
Statutory Auditors  
Chy Nyverow  
Newham Road  
Truro  
Cornwall  
TR1 2DP

Date *20/12/2023*

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

		Yr ended 31 Jul 23	Yr ended 31 Jul 22
	Notes	£'000	£'000
<b>Income</b>			
Funding Body Grants	2	33,990	31,376
Tuition fees and education contracts	3	8,061	7,587
Other grants and contracts	5	3,066	2,646
Other income	6	2,926	2,902
Investment income	7	373	328
<b>Total income</b>		<b>48,416</b>	<b>44,839</b>
<b>Expenditure</b>			
Staff costs	8	35,601	36,635
Other operating expenses	9	11,357	9,974
Depreciation	13 & 14	4,872	4,405
Interest payable	12	88	501
<b>Total expenditure</b>		<b>51,918</b>	<b>51,515</b>
Deficit before other losses and gains		(3,502)	(6,676)
Gain on disposal of assets		334	914
(Loss)/Gain on investments		(695)	(1,637)
<b>Deficit before tax</b>		<b>(3,863)</b>	<b>(7,399)</b>
Taxation		-	-
Actuarial Gain/(Loss) in respect of Pension Schemes	23	5,869	28,953
<b>Total Comprehensive Gain/(Loss) for the year</b>		<b>2,006</b>	<b>21,554</b>
<b>Represented by:</b>			
Restricted comprehensive income		-	-
Unrestricted comprehensive income		2,006	21,554
		<b>2,006</b>	<b>21,554</b>

The Statement of Comprehensive Income and Expenditure is in respect of continuing activities.

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

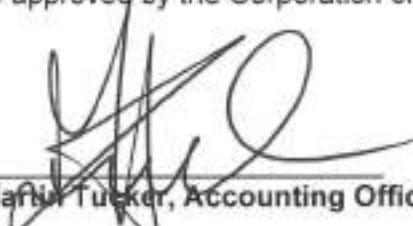
	Notes	Income and Expenditure Account £'000	Revaluation Reserve £'000	Restricted Reserve £'000	Total £'000
<b>Balance at 31 July 2022</b>		<b>59,805</b>	<b>1,729</b>	-	<b>61,534</b>
Deficit from the income and expenditure account		(3,863)	-	-	(3,863)
Other comprehensive income	23	5,869	-	-	5,869
Transfers between revaluation and income and expenditure reserves		59	(59)	-	-
Transfers between income and expenditure and restricted reserves		-	-	-	-
<b>Balance at 31 July 2023</b>		<b>61,870</b>	<b>1,670</b>	-	<b>63,540</b>

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

	Notes	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
<b>Non current assets</b>			
Intangible assets	13	44	55
Tangible assets	14	97,565	92,854
Financial assets	15	4,482	8,025
		<u>102,091</u>	<u>100,934</u>
<b>Current assets</b>			
Stock		72	71
Trade and other receivables	16	1,751	1,912
Investments	17	500	500
Cash and cash equivalents	21	5,775	6,847
		<u>8,098</u>	<u>9,330</u>
<b>Less: Creditors - amounts falling due within one year</b>	18	<u>(5,578)</u>	<u>(5,074)</u>
<b>Net current assets/ (liabilities)</b>		<u>2,520</u>	<u>4,256</u>
<b>Total assets less current liabilities</b>		104,611	105,190
<b>Creditors: amounts falling due after more than one year</b>	19	<u>(41,071)</u>	<u>(38,770)</u>
<b>Provisions</b>			
Defined benefit obligations	20	-	(4,886)
Other provisions			
		<u></u>	<u></u>
<b>Total net assets</b>		<u>63,540</u>	<u>61,534</u>
<b>Restricted reserves</b>			
Non-Government Capital Grants		-	-
		<u></u>	<u></u>
<b>Total Restricted reserves</b>		<u>-</u>	<u>-</u>
<b>Unrestricted reserves</b>			
Income and expenditure account		61,870	59,805
Revaluation reserve		1,670	1,729
		<u></u>	<u></u>
<b>Total unrestricted reserves</b>		<u>63,540</u>	<u>61,534</u>
<b>Total reserves</b>		<u>63,540</u>	<u>61,534</u>

The financial statements on pages 35-59 were approved by the Corporation on 13 December 2023 and were signed on its behalf by:

  
Robert Townsend, Chair

  
Martin Tucker, Accounting Officer

**STATEMENT OF CASH FLOWS**  
**For the year ended 31 July 2023**

	Notes	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
<b>Cash flow from operating activities</b>			
Deficit for the year		(3,863)	(7,399)
<b>Adjustment for non-cash items</b>			
Depreciation		4,872	4,405
(Increase)/decrease in stocks		(1)	-
(Increase)/decrease in debtors		161	(789)
Increase/(decrease) in creditors due within one year		(593)	(3,009)
Increase/(decrease) in creditors due after one year		(14)	(11)
Release of deferred capital grants		(1,495)	(1,316)
Pensions costs less contributions payable		983	4,570
Taxation		-	-
<b>Adjustment for investing or financing activities</b>			
Investment income		(373)	(328)
Interest payable		-	-
Taxation paid		-	-
(Profit)/loss on disposal of fixed assets		(334)	(913)
(Gain)/loss on investments		695	1,637
<b>Net cash flow from operating activities</b>		<b>38</b>	<b>(3,153)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		1	-
Disposal of non-current asset investments		7,753	7,169
Repayment of capital grants		(179)	-
Payments to acquire non-current assets		(9,017)	(2,941)
Payments to acquire non-current investments		(4,476)	(5,436)
Withdrawal of deposits		-	500
Receipt of deferred capital grants		4,435	6,157
Investment income		373	328
		<b>(1,110)</b>	<b>5,777</b>
<b>Increase / (decrease) in cash and cash equivalents in the year</b>		<b>(1,072)</b>	<b>2,624</b>
Cash and cash equivalents at beginning of the year	21	6,847	4,223
Cash and cash equivalents at end of the year	21	<u>5,775</u>	<u>6,847</u>



## NOTES TO THE FINANCIAL STATEMENTS

### 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 2022 to 2023* 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.

#### **Going Concern**

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes. While the College has faced some challenges as a result of increased inflation and lingering effects of the pandemic, it has significant reserves including cash and cash equivalents of almost £11m and no borrowings. For this reason the College will continue to adopt the going concern basis in the preparation of its Financial Statements.

#### **Basis of Consolidation**

The financial statements include the activities of the College only, as the College does not have any subsidiaries. All financial statements are made up to 31 July.

In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities.

The College is the responsible body for the Cornwall School Centred Initial Teacher Training programme (Cornwall SCITT). Cornwall SCITT is managed independently from the College and its results have not been consolidated into the group accounts, although details of its results are published in note 27.

#### **Recognition of Income**

##### **Revenue Grant Funding**

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

The recurrent grant from the OFS represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income. Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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

### **Capital Grant Funding**

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

### **Fee Income**

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

### **Investment Income**

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

### **Agency Arrangements**

The College acts as an agent in the collection and disbursement of certain 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 this transaction.

### **Maintenance of Premises**

The College has a ten-year rolling long-term maintenance plan, which forms the basis of the ongoing maintenance of the estate. The cost of long term and routine corrective maintenance is charged to the income and expenditure account as incurred.

### **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.

### **Teachers' Pension Scheme (TPS)**

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### ***Cornwall Local Government Pension Scheme (LGPS)***

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

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

### **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 a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet 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 2019 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

#### **a. Land and Buildings**

The College's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Land and buildings inherited from the Local Education Authority (LEA) are stated in the balance sheet at valuation on the basis of depreciated replacement cost. Other land and buildings are included in the balance sheet at cost. Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated over their expected useful economic life to the institution of 50 years.

Improvements to buildings are depreciated over their expected useful economic life to the institution of 10 years.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

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

### **Subsequent expenditure on existing fixed assets**

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

### **b. Equipment**

All furniture and equipment costing more than £100 per item, and when grouped totals more than £1,000, is capitalised. All purchases below this level are written off to the income and expenditure account in the year of acquisition. Capitalised equipment is depreciated on a straight line basis over its useful economic life as follows:

Computer equipment	3 years
Motor vehicles and general equipment	5 years
Furniture	8 years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

### **Intangible Assets**

Intangible assets such as software, are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged so as to allocate the cost of intangibles less their residual value over their estimated useful life of 5 years, on a straight line basis.

An intangible asset will be recognised only if future economic benefits flow to the College and the cost of the asset can be measured reliably.

### **Leased Assets**

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### Investments

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

### 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.

### Stocks

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

### 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 around 1% of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

### 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.



## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

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.

### **Foreign Currency Translation**

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

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

### **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 account and are shown separately in note 25, except for 5% of the grant received, which is available to the College to cover administration costs relating to the grant.

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

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

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

#### *Other key sources of estimation uncertainty*

- **Tangible fixed assets**

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### • Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit value depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension. 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, which this year was an asset. The asset on the balance sheet has been restricted to the extent that it is deemed recoverable.

### 2. Funding Body Grants

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
<b>Recurrent Grants</b>		
Education and Skills Funding Agency - adult	502	551
Education and Skills Funding Agency - 16-18	27,441	25,598
Education and Skills Funding Agency - apprenticeships	3,226	2,742
Office for Students	248	237
<b>Specific Grants</b>		
Teachers' Pensions Grant	1,078	902
T Levels Early Adopter Grant	-	-
Alternative Completions	-	31
Covid Mass Testing	-	-
Releases of Government Capital Grants	1,495	1,315
<b>Total</b>	<b>33,990</b>	<b>31,376</b>

### 3. Tuition fees and Education Contracts

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
Adult education fees	536	342
Apprenticeship fees and contracts	39	82
Fees for FE loan supported courses	237	516
Fees for HE loan supported courses	3,104	3,057
International students fees	-	-
<b>Total tuition fees</b>	<b>3,916</b>	<b>3,997</b>
Education contracts	4,145	3,590
<b>Total</b>	<b>8,061</b>	<b>7,587</b>

### 4. OfS Sources of Grant and Fee Income

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
Grant Income from the OfS	248	237
<b>Net Grant Expenditure (note 2)</b>	<b>248</b>	<b>237</b>
Fee income for Taught Awards (note 3)	3,103	3,057
Fee income for Research Awards	-	-
Fee income for Non Qualifying Courses	728	489
<b>Total</b>	<b>3,831</b>	<b>3,546</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 5. Other Grants and Contracts

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
European Commission income	1,568	1,445
Other grants and contracts	1,498	1,201
Coronavirus Job Retention Scheme Grant	-	-
<b>Total</b>	<b>3,066</b>	<b>2,646</b>

### 6. Other Income

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
Catering and residences	190	168
Other income generating activities	397	377
Miscellaneous Income	2,339	2,357
<b>Total</b>	<b>2,926</b>	<b>2,902</b>

### 7. Investment Income

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
Other investment income	270	317
Other interest receivable	103	11
<b>Total</b>	<b>373</b>	<b>328</b>

### 8. Staff Costs

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

	Yr ended 31 Jul 23	Yr ended 31 Jul 22
Teaching staff	573	598
Non teaching staff	637	681
	<b>1,210</b>	<b>1,279</b>

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
Staff costs for the above persons:		
Wages and salaries	26,846	25,445
Social Security costs	2,330	2,249
Restructuring costs	371	118
Other pension costs (including FRS 102 adjustment of £895,000 – 2022 £4,069,000)	6,054	8,823
<b>Total</b>	<b>35,601</b>	<b>36,635</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

The Corporation does not have any salary sacrifice arrangements in place.

### Severance payments

The corporation paid 19 severance payments in the year, disclosed in the following bands:

	Yr ended 31 Jul 23	Yr ended 31 Jul 22
£0 - £25,000	14	9
£25,001 - £50,000	4	1
£50,001 - £100,000	1	-
£100,001 - £150,000	-	-
£150,000+	-	-

Included in staff restructuring costs are a pension strain cost of £55,672 and special severance payments totalling £75,667 (2022: £66,557). Individually, the payments were: £4,975, £5,105, £8,281, £9,622, £17,683, £30,000.

### Key Management Personnel

Key management personnel are defined as the Principal and holders of the other senior posts whom the governing body have selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff.

Key management personnel for the College during the year were the Accounting Officer, the Director of Operations, the Director of Finance and Admin, the Director of Partnerships and Apprenticeships, the Director of Teaching and Learning, the Director of Curriculum Development, the Director of Student Experience and the Director of Operations (Penwith).

No payments were made to key management personnel as compensation for loss of office during the year ended 31 July 2023.

The number of key management, and other personnel earning over £60,000, who received emoluments excluding pension contributions and employer's national insurance, but including benefits in kind in the following ranges was:

	KMP 2023	Other 2023	KMP 2022	Other 2022
£5,000 - £10,000	-	-	1	-
£10,001 - £15,000	-	-	-	-
£15,001 - £20,000	-	-	-	-
£20,001 - £25,000	1	-	4	-
£25,001 - £30,000	1	-	1	-
£30,001 - £35,000	-	-	1	-
£35,001 - £40,000	-	-	1	-
£40,001 - £45,000	2	-	-	-
£45,001 - £50,000	1	-	-	-
£50,001 - £55,000	1	-	1	-
£55,001 - £60,000	1	-	-	-
£60,001 - £65,000	-	-	-	-
£65,001 - £70,000	-	-	1	-
£70,001 - £75,000	1	-	-	-
£75,001 - £80,000	-	-	-	-
£80,001 - £85,000	8	-	10	-

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
Key management personnel emoluments are made up as follows:		
Basic Salary	763	765
Benefits in kind	-	-
Pension contributions	171	172
<b>Total emoluments</b>	<b>934</b>	<b>937</b>

The above compensation includes amounts paid to the Principal and Chief Executive who is the accounting officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
Salary	154	146
Benefits in kind	-	-
	<b>154</b>	<b>146</b>
Pension contributions	36	35

The governing body has adopted AoC's Senior Staff Remuneration Code in March 2019 and will assess pay in line with its principles in future.

The remuneration package of Key Management Staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

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

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

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
Principal's basic salary as a multiple of the median of all staff	5.7	5.8
Principal and CEO's total remuneration as a multiple of the median of all staff	5.8	5.8

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 9. Other Operating Expenses

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
Teaching costs	3,879	3,641
Non teaching costs	3,836	3,096
Premises Costs	3,642	3,237
<b>Total</b>	<b>11,357</b>	<b>9,974</b>

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
Other operating expenses include:		
Auditors' remuneration		
- internal audit	13	8
- financial statements audit	29	20
- other services provided by the external auditors	8	5

### 10. Access and Participation Expenditure

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
Access Investment	108	79
Financial Support Provided to Students	189	116
Support for Disabled Students	51	50
Research and Evaluation	12	13
<b>Total</b>	<b>360</b>	<b>258</b>

The College's Access and Participation plan for the year ended 31 July 2023 is published at [https://apis.officeforstudents.org.uk/accessplansdownloads/2024/Truro&Penwith\\_APP\\_2020-21\\_V1\\_10007063.pdf](https://apis.officeforstudents.org.uk/accessplansdownloads/2024/Truro&Penwith_APP_2020-21_V1_10007063.pdf)

### 11. Write offs

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
Debts written off during the year	18	68
<b>Total</b>	<b>18</b>	<b>68</b>

During the year the college wrote off one debt over £5,000 of £8,224 relating to student fees.

### 12. Interest Payable

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
Pension finance costs (note 23)	88	501
<b>Total</b>	<b>88</b>	<b>501</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 13. Intangible Assets

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
<b>Cost or valuation</b>		
At 1 August 2022	57	-
Additions	-	57
<b>At 31 July 2023</b>	<b>57</b>	<b>57</b>
<b>Depreciation</b>		
At 1 August 2022	2	-
Charge for year	11	2
<b>At 31 July 2023</b>	<b>13</b>	<b>2</b>
<b>Net book value at 31 July 2023</b>	<b>44</b>	<b>55</b>
Net book value at 31 July 2022	55	-

### 14. Tangible Fixed Assets

	Land and Buildings Freehold £'000	Equipment £'000	Assets in the course of construction £'000	TOTAL £'000
<b>Cost or valuation</b>				
At 1 August 2021	122,377	13,413	4,378	140,168
Additions	1,623	2,664	5,312	9,599
Disposals	-	(109)	-	(109)
Transfer on use	-	-	-	-
<b>At 31 July 2023</b>	<b>124,000</b>	<b>15,968</b>	<b>9,690</b>	<b>149,658</b>
<b>Depreciation</b>				
At 1 August 2021	38,494	8,820	-	47,314
Charge for year	3,155	1,706	-	4,861
Elimination in respect of disposals	-	(82)	-	(82)
<b>At 31 July 2023</b>	<b>41,649</b>	<b>10,444</b>	<b>-</b>	<b>52,093</b>
<b>Net book value at 31 July 2023</b>	<b>82,351</b>	<b>5,524</b>	<b>9,690</b>	<b>97,565</b>
Net book value at 31 July 2022	83,883	4,593	4,378	92,854

Inherited land and buildings were valued for the purpose of the 1995 financial statements at depreciated replacement cost by the Chief Land Agent and Valuer of the County Council.

# NOTES TO THE FINANCIAL STATEMENTS (CONTD)

## 15. Non-Current Investments

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
<b>Non-current investments at 1 August 2022</b>	<b>8,025</b>	<b>15,638</b>
Additions	4,476	5,436
Disposals	(7,753)	(6,974)
FV gain/(loss)	(695)	(1,637)
Movement in cash account	429	(4,438)
<b>Balance at 31 July 2023</b>	<b>4,482</b>	<b>8,025</b>

Fluctuations in the fair value of investments are recognised as a charge through income and expenditure.

## 16. Debtors

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
Amounts falling due within one year:		
Trade receivables	292	507
Prepayments and accrued income	1,459	1,405
<b>Total</b>	<b>1,751</b>	<b>1,912</b>

## 17. Current Investments

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
Monies invested short term on the money market	500	500

## 18. Creditors: Amounts falling due within one year

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
Trade Creditors	898	946
Taxation and pension contributions	-	50
Accruals	2,203	1,476
Payments received in advance	368	746
Deferred income – government capital grants	1,879	1,436
Amounts owed to Funding Bodies	230	420
<b>Total</b>	<b>5,578</b>	<b>5,074</b>

## 19. Creditors: Amounts falling due after more than one year

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
Deferred Capital Grant	40,863	38,547
Other Deferred Income	208	223
<b>Total</b>	<b>41,071</b>	<b>38,770</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

## 20. Provisions for Liabilities and Charges

	Defined Benefit Obligations £'000	Other Provisions £'000	Total £'000
At 1 August 2022	4,886	-	4,886
Expenditure in the period	(4,886)	-	(4,886)
<b>At 31 July 2023</b>	<b>0</b>	<b>-</b>	<b>0</b>

Whilst actuarial reports show a funding surplus from actuarial gains, the value recognised on the balance sheet is restricted to the extent that it is recoverable.

## 21. Cash and Cash Equivalents

	1 Aug 22 £'000	Cash Flow £'000s	31 Jul 23 £'000
Cash in hand at Bank	6,847	(1,072)	5,775
<b>Total</b>	<b>6,847</b>	<b>(1,072)</b>	<b>5,775</b>

Cash balances that are held in investments are included under Cash and Cash Equivalents where they meet the definition.

## 22. Capital and Other Commitments

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
Commitments contracted for but not provided at 31 July:	2,261	4,770
Authorised but not contracted for at 31 July:	604	762
	<b>2,865</b>	<b>5,532</b>

## 23. 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 Cornwall Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Cornwall Council. 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 valuations of the TPS was 31 March 2020 and the LGPS was 31 March 2022.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

<b>Total pension cost for the year</b>	<b>Year ended 31 Jul 23 £'000</b>	<b>Year ended 31 Jul 22 £'000</b>
Teachers' Pension Scheme: Contributions paid	3,166	2,969
Local Government Pension Scheme: Contributions payable	1,905	1,785
FRS 102 (28) charge	895	4,069
Charge to the Income and Expenditure Account (staff costs)	2,800	5,854
<b>Total pension cost for year</b>	<b>5,966</b>	<b>8,823</b>

Contributions amounting to £NIL (2021: £NIL) were payable to the above schemes at 31 July 2023 and are included within creditors.

### 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.

### FRS 102 (28)

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.

### Valuation of the Teachers' Pension Scheme

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 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.

As a result of the valuation, new employer contribution rates were set at 28.6% of pensionable pay from April 2024 onwards (compared to 23.68% from September 2019). The DfE agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 and subsequent academic years including the recent increase.



## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2023/10/valuation-result>

The pension costs paid to TPS in the year amounted to £3,166,000 (2022: £2,969,000).

### Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Cornwall Pension Fund.

The total contributions made for the year ended 31 July 2023 were £2,498,000 of which employers' contributions totalled £1,905,000 and employees' contributions totalled £593,000. Employer's contribution rates were 18.4% for the College as the employer and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

**Principal Financial Assumptions:**

The following information is based on a full actuarial valuation of the Fund at 31 March 2022, updated to 31 July 2023 by Hymans Robertson, a qualified independent actuary.

	At 31 Jul 2023	At 31 Jul 2022
Salary Increase Rate	3.0%	2.7%
Pension Increase Rate (CPI)	3.0%	2.7%
Discount rate	5.1%	3.5%

### Mortality

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.

	At 31 July 2023	At 31 July 2022
<i>Retiring today</i>		
Males	21.4	21.3
Females	24.3	23.9
<i>Future Pensioners*</i>		
Males	21.0	22.5
Females	25.2	25.6

\* Figures assume members aged 45 as at the last formal valuation date.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 July 2023	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £'000
0.1% decrease in Real Discount Rate	2%	1,012
1 year increase in member life expectancy	4%	1,876
0.1% increase in the Salary increase Rate	0%	65
0.1% increase in the Pension Increase Rate	2%	965

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

	Long-term rate of return expected 31 July 2023 % per annum	Value at 31 July 2023 £'000	Long-term rate of return expected 31 July 2023 % per annum	Value at 31 July 2022 £'000
Equities	5.10%	27,609	3.5%	26,337
Bonds	5.10%	18,072	3.5%	18,386
Property	5.10%	3,514	3.5%	3,975
Cash	5.10%	1,004	3.5%	994
<b>Total Market Value of Assets</b>		<b>50,199</b>		<b>49,692</b>
<b>Present value of scheme liabilities</b>		<b>(46,894)</b>		<b>(54,578)</b>
<b>Surplus/(deficit) in the scheme</b>		<b>3,305</b>		<b>(4,886)</b>

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

	Year ended 31 Jul 23 £'000	Year ended 31 Jul 22 £'000
Fair value of plan assets	46,894	49,692
Present value of plan liabilities	(46,894)	(54,578)
<b>Net pensions liability (Note 20)</b>	<b>(0)</b>	<b>(4,886)</b>

### Amounts included in staff costs

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
Current service cost	(3,019)	5,869
Past service cost	(64)	-
<b>Total</b>	<b>(3,083)</b>	<b>5,869</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

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

### Amount recognised in Other Comprehensive income

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
Return on pension plan assets	(2,674)	180
Experience gains/(losses) arising on defined benefit obligations	(7,187)	(205)
Change in assumptions underlying the present value of plan liabilities	19,035	28,978
Actuarial gain not recognised as asset	(3,305)	-
<b>Amount recognised in Other Comprehensive Income</b>	<b>5,869</b>	<b>28,953</b>

### Movement in net defined benefit liability during year

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
Net defined liability in scheme at 1 August	(4,886)	(29,269)
Movement in year:		
Current service cost	(3,083)	(5,869)
Employer contributions	2,188	1,800
Past service cost	-	-
Net interest on the defined liability	(88)	(501)
Actuarial gain or loss	9,174	28,953
Actuarial gain not recognised as asset	(3,305)	-
<b>Net defined liability at 31 July</b>	<b>0</b>	<b>(4,886)</b>

### Changes in the present value of defined benefit obligations

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
<b>Defined benefit obligations at start of period</b>	<b>54,578</b>	<b>76,523</b>
Current service cost	3,083	5,869
Interest cost	1,857	1,268
Contributions by scheme participants	613	586
Experience gains and losses on defined benefit obligations	6,800	205
Changes in financial assumptions	(17,707)	(28,718)
Changes in demographic assumptions	(1,328)	(260)
Estimated benefits paid	(1,002)	(895)
Past Service cost	-	-
<b>Defined benefit obligations at end of period</b>	<b>46,894</b>	<b>54,578</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### Changes in fair value of plan assets

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
<b>Fair value of plan assets at start of period</b>	<b>49,692</b>	<b>47,254</b>
Interest on plan assets	1,769	767
Return on plan assets	(3,061)	180
Employer contributions	2,188	1,800
Contributions by Scheme participants	613	586
Estimated benefits paid	(1,002)	(895)
Actuarial gain not recognised as asset	(3,305)	-
<b>Fair value of plan assets at end of period</b>	<b>46,894</b>	<b>49,692</b>

The estimated value of employer contributions for the year ended 31 July 2023 is £2,138,000.

### 24. Related Party Transactions

Due to the nature of the College's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. See notes 26 - 29 for details of related party transactions and balances.

### 25. Amounts Disbursed as Agent

#### Learner Support Funds

	Yr ended 31 Jul 23 £'000	Yr ended 31 Jul 22 £'000
Funding body grants – discretionary learner support	1,787	1,489
Funding body grants – residential bursaries	-	-
Other Funding bodies grants	-	-
Interest earned	1	1
	<b>1,788</b>	<b>1,490</b>
Disbursed to students	(1,791)	(1,520)
Administration costs	(5)	(5)
<b>Balance under/(over)spent as at 31 July 2023</b>	<b>(8)</b>	<b>(35)</b>

Funding body grants are available solely for students; the College acts only as paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

**26. Truro and Penwith College Trust Fund**

A separate charity, registered with the Charities Commission, raises money to help students of Truro and Penwith College, Callywith College, Shewula High School in Eswatini along with other young people across Cornwall by providing support towards the cost of educational trips, equipment and living costs. The charity currently has 4 trustees: the Accounting Officer and Chair of Governors from Truro and Penwith College along with the two other Governors from Callywith College and Truro and Penwith College and is recruiting for a further independent trustee. The financial statements are not consolidated as the structure and articles do not allow for a financial return to Truro and Penwith College.

The charity produces separate accounts, which show that at 31 July 2023 it has unrestricted reserves of £35,777 (2022: £40,813) and restricted reserves of £15,796 (2022: £17,476) with expenditure totalling £11,293 (2022: £20,602) for the period. The College manages the day-to-day functions of the Trust and during the period received donations on behalf of the Trust Fund and also made some payments on behalf of the Trust Fund, resulting in a balance of £343 (2022: £13,919) owed to the College at 31 July 2023.

The majority of the Trust's income is through donations to the child sponsorship scheme supporting students in Eswatini and raising funds in relation to the joint trip to Eswatini undertaken by Truro and Penwith College and Callywith College where 40 students from both colleges visited the region and worked with the local communities.

**27. Cornwall SCITT**

The College is the responsible body for the Cornwall School Centred Initial Teacher Training programme (Cornwall SCITT). Separate bank accounts are maintained and financial statements submitted to the National College for Teaching & Leadership in the format prescribed by them. Cornwall SCITT is a consortium of up to 85 local nursery, primary and secondary schools including a Special School MAT and Truro and Penwith College offering training for the 3-11 and 11-16 age range with post 16 enhancements. Cornwall SCITT is managed independently from the College and its results have not been consolidated.

During 2022/23 the College recharged staff and other costs incurred on behalf of Cornwall SCITT totalling £623,957 (2022: £674,257).

**28. Truro and Penwith Academy Trust**

The College has been instrumental in setting up Truro and Penwith Academy Trust, a multi academy trust which sponsors and supports primary and secondary schools in Cornwall. Truro and Penwith Academy Trust is a company limited by guarantee and has been established as an independent entity. The Trust has entered into a funding agreement with the Education and Skills Funding Agency and is required to submit financial statements to the ESFA in the format prescribed by them. The terms of the funding agreement ensure that the College does not exercise control over the Trust and therefore its results have not been consolidated. The Trust will publish its annual accounts on its website during January 2024 (<http://tpacademytrust.org>).

The support provided to the Trust by the College is at arm's length and in accordance with the College's financial procedures. During 2022/23 the College recharged costs incurred on behalf of the Trust totalling £36,176 (2022: £36,215). During the year the College made purchases totalling £2,375 (2022: £5,580) from the Trust. At the year-end £3,199 (2022: £3,768) was due to the College from the Trust.



**29. Callywith College Trust**

The College has been instrumental in setting up Callywith College Trust, a tertiary college in the east of the county which opened its doors to students for the first time in September 2017. Callywith College Trust is a company limited by guarantee and has been established as an independent entity. The Trust entered into a funding agreement with the Education and Skills Funding Agency in 2017 and is required to submit financial statements to the ESFA in the format prescribed by them. The terms of the funding agreement ensure that the College does not exercise control over the Trust and therefore its results have not been consolidated. The Trust will publish its annual accounts on its website during January 2024 (<http://www.callywith.ac.uk>).

The support provided to the Trust by the College is at arm's length and in accordance with the College's financial procedures. During 2022/23 the College recharged staff and other costs incurred on behalf of the Trust totalling £122,061 (2022: £107,257). In addition to this the College charged £220,317 (2022: £264,991) in respect of its provision of cross college support to the Trust. The College made this charge at cost and did not make a profit from the transaction. During the year the College made purchases totalling £1,551 (2022: £375) from the Trust. At the year-end £15,368 (2022: £273,520) was due to the College from the Trust.