

REPORT & FINANCIAL STATEMENTS

For the year ended 31 July 2022



**Croydon
College**



COULSDON
SIXTH FORM COLLEGE



Croydon College

Report and Financial Statements for the year ended 31 July 2022

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 2021/22:

Caireen Mitchell - Principal and CEO; Accounting Officer
Ann Christine Harland – Vice Principal Finance and Resources
Fadia Clarke – Vice Principal Training, Skills and HE (to 8th September 2022)
Natalie Garner – Interim Vice Principal Adults and HE (from 24th August 2022)
Martin Silverwood – Vice Principal Training, Skills, Education and Quality
Odette Carew – Principal Coulsdon Sixth Form College (until 31st March 2022)
Stuart Barlow – Principal Coulsdon Sixth Form College (interim from 22nd August 2022 to 1st November 2022, from when permanently appointed)

Board of Governors

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

Clare Mitchell acted as Director of Governance/Clerk to the Corporation.

Professional advisers

Financial statements auditors and reporting accountants:

Buzzacott LLP
130 Wood Street
London EC2V 6DL

Internal auditors:

RSM Risk Assurance Services LLP
1 London Square
Cross Lane
Guildford GU1 2UN

Bankers:

Barclays Bank PLC
1 Churchill Place
London E14 5HP

Solicitors:

Winckworth Sherwood LLP
Minerva House
5 Montague Close
London SE1 9BB

Eversheds Sutherland LLP
1 Wood Street
London EC2V 7WS

Gelbergs LLP
188 Upper Street
Islington
London N1 1RQ

Trowers & Hamblins LLP
3 Bunhill Row
London
EC1Y 8YZ

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CROYDON COLLEGE

MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2022

STRATEGIC REPORT

The governing body present their annual report together with the financial statements and auditor's report for Croydon College for the year ended 31 July 2022.

Legal status

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

On 12 February 2019, under a Type B merger, Coulsdon Sixth Form College dissolved and Croydon College acquired its assets and liabilities.

Mission

The Croydon College's vision, approved by the Corporation on 4th December 2019, is:

Two great Colleges working together to transform our communities' economic, social and employment prospects.

Strategic Objectives

Following extensive consultation with staff, students, employers, governors and other stakeholders, the Strategic Objectives for Croydon College were agreed by the Corporation on 4th December 2019 for the 5 years 2019-2024. This allowed the College to have clear strategic objectives following the merger with Coulsdon Sixth Form College.

The Croydon College Operational Objectives and progress against key targets for 2021/22 were as follows:

Objective 1 – Croydon campus is a General Education College offering young people and adults comprehensive pathways to employment and further study and transforming our students' economic and social prospects, by

- Meeting 16-18 recruitment targets - **Achieved**.
- Ensuring T level Engineering was ready for delivery from September 2022 - **Achieved**.
- Developing curriculum to meet the Green Jobs agenda and National Skills Fund for adults. **Partially achieved** in 2021/22, however success at obtaining an SDF Green Skills bid in June 2022 will ensure rapid further developments in 2022/23.
- Maintaining 16-18, Adult and Apprenticeship achievement rates - **Partially achieved**, 16-18 Achievements declined slightly due to difficulty recruiting staff in Engineering and Construction. Adult Achievement rates improved above target and Apprenticeship Achievements improved for STEM, but declined for Professional, the latter due to a number of Apprentices losing their jobs during the COVID pandemic.
- Providing work experience to at least 80% of 16-18s and extended work placements to 6% of students - **Not achieved**, only 45% of 16-18 year olds have recorded work experience on College systems, while only 31% took place on extended placements.
- Improve student attendance for the year to 83%, and ensuring that the QDP survey Student Satisfaction for Teaching, Learning and Assessment score remained in Quartile B - **Achieved**, attendance was 83% and QDP outcomes in Quartile A for some Schools at the Croydon campus.

Objective 2 – Coulsdon Sixth Form campus is a great Sixth Form College offering young people with an excellent curriculum which enables them to achieve outstanding results and transforming our students' prospects to successfully progress to further studies, university or Apprenticeships, by

- Ensuring T Level Science was delivered from September 2022 - **Achieved**

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- Increasing progression from intermediate programmes and increase the number of Level 3 students - **Not achieved**, Teacher Assessed Grades in summer 2021 impacted on student enrolment numbers at the campus, particularly for 16 year olds,
- Ensuring each curriculum area builds employer relationships to support the relevance of the curriculum and raise student aspiration - **Partially achieved**, with examples of significant engagement in several areas, eg Creative Studies, Business and Services Industries and Humanities.
- Increasing attendance to 80% - **Not achieved**, however a new Leadership and Management restructure in place for 2022/23 will ensure improve pastoral care.
- Increasing achievement rates for 16-18 year olds - **Not achieved**, Overall Achievement rate at the campus were too low, impacted by staff recruitment difficulties, ineffective pastoral support, poor curriculum decisions and the introduction of the Regulated Quality Framework.
- All students access work related learning activities or work experience – **Partially achieved**, students accessed work experience but the quality was too variable.

Objective 3 – Employers and Stakeholders shape the curriculum, ensuring that we are able to meet the needs of the local economy, by

- Successfully running the first cohort of the BSc in Adult Nursing with the University of Roehampton and planning for further curriculum expansion from 2022/23 - **Achieved**.
- Expanding the Croydon University Centre offer and income – **Not achieved**, income targets were not met and new courses did not recruit to plan.
- Meeting the apprenticeship income target of £750k for 21/22 and increase contribution from that area - **Partially achieved**, the income targets for apprenticeships were achieved, however contribution remains too low, this is being addressed in 2022/23.
- Development of an Employer Engagement Strategy - **Achieved**.
- Increasing our distance learning provision for non-Londoner adults - **Achieved**.

Objective 4 – Workforce – our staff are our greatest asset, they are experts in what they do, we invest in them and ensure they are valued, empowered and supported to innovate, by

- Responding to the 20/21 Staff Survey by working towards the National Centre for Diversity Accreditation by the end of July 2022, putting in place a new Manager's Charter and actions to improve staff engagement – **Achieved**, however staff engagement is stronger at the Croydon campus than the Coulsdon campus,
- Providing support to teaching staff through the Teaching, Learning and Mentor ('TLM') Team, improved Student Satisfaction and Deep Dives assess Teaching Learning and Assessment as Good - **Partially achieved**. Teaching, Learning and Assessment is good at the Croydon campus, but requires improvement at the Coulsdon campus.
- Student satisfaction with Teaching, Learning and Assessment is at least in Quartile B of the QDP student survey cross college – **Achieved**.
- Widen participation in Leadership and Management development, continued programmes of management development, alongside a Talent Management approach and coaching and celebration of achievements against good practice - **Achieved**.

Objective 5 – an efficient and effective corporate core which enables the College to be great, by

- Generating an operating surplus of £167k (excl FRS102 adjustments), ensuring that expenditure is in line with budgets and setting the 2021/22 budget to provide Good financial health – **Achieved**, financial health is graded outstanding.

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- Increase awareness of funding, audit and robust Business Planning processes enabling improved audit rigour for Apprenticeship data. **Achieved**, although the management and Pathways restructure at Coulsdon led to delays in finalising the 2022/23 preparation.
- Meet the ICT/ILT Strategy 2019-2024 Objectives for 21/22, which includes securing even more robust IT, working towards ISO 27001 and continuing development of on-line teaching and systems. The objectives for 2021/22 were **Partially achieved**, however the actions noted from the 2022 Internal Audit Review on Remote Working will be in place by the end of December 2022.
- Develop the campuses in line with the 2019/20 detailed Estates Strategy, including bids for capital grants – **Achieved** with success at the Stage 2 bid for the ESFA's FECTF grant and completion of the new T Levels works for teaching in September 2022.

COVID – 19 Legacy

In 2021/22 the College continued to monitor and report sickness absences alongside organising a number of new measures to support students, staff and stakeholders in response to the lasting effects of the pandemic.

The College's well developed Virtual Learning Environment ('VLE') continued to allow online Teaching and Learning when necessary for absent students, with teachers continuing to engage and monitor student progress. The Student Services teams managed more referrals for mental health and anxieties from students, and additional support measures were then put in place. Students who did not have access to IT equipment from home were able to be loaned laptops from the further 44 donated by the Department for Education ('DfE') in 2021/22. Small groups of 16-18 year olds were able to have additional small group Maths, English and main programme tuition from the DfE's 16-18 Tuition Fund, which is expected to continue to 2023/24.

Underlying all College activity has been meetings of the College's cross campus COVID-19 Response group, led by the Principal, when necessary, with regular communication to staff (including a staff / unions working group), students, stakeholders, Governors and the local Croydon Health officials. There has also been robust, shared, Health and Safety assessments and additional reports to the Health and Safety Committee and Audit Committee of Governors.

Financial objectives

A series of annual performance indicators have been agreed to monitor the achievement of the financial objectives. In 2021/22, nearly all of the objectives have been exceeded, with the exception of the level of capital investment, due to slight delays to the start of the summer T level refurbishment projects.

Measure	Objective for 2021/22	Outcome
ESFA financial health	Rating of <i>Good</i> against current ESFA scoring calculation	<i>Outstanding</i> score
Underlying Operating Surplus (excluding FRS102(s28) pensions' impact and merger grant)	£312k, excluding budget for Enhanced Pension Scheme FRS102 adjustment	£810k
Net current asset ratio > 1	1.55	3.13
Cash in hand > 45 days	99 days	174
Staff costs to an optimum level against income and activity	69.9%	67.91%
Subcontracted income < 2 % income	1.3% income	1.04% income
Increase alternative sources of new funding by £175k minimum	Additional adult delivery grant budgeted of £175k.	GLA Good Works for All grant of £419k delivered, plus Bootcamp, Kickstart, YouthHub, Aspire and HTE Growth Fund totalling additional grants of £230k.
Capital investment	£1.65m	£1.07m

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The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency. The College's financial health is assessed annually by the Education and Skills Funding Agency, who confirmed the College's Outstanding financial health for 2020/21; its self-assessed forecast of Outstanding financial health for 2021/22 is awaiting confirmation.

Resources

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

Following curriculum growth, the College has increased the total number of people it employed during the year from 438 (348 Full Time Equivalent) in 2020/21 to 516 (399 Full Time Equivalent) in 2021/22.

The College has 6,466 students in total (2020/21: 6,728). The student population includes 2,646 16-18 year old students (2020/21: 2,638) (of which 1,592 study at the Croydon campus and 1,054 at Coulsdon). In addition, there were 247 Apprentices (2020/21: 215), 190 Higher Education students (2020/21: 230), 3,092 Adult Learners (2020/21: 2,722) and 291 students on full cost provision including the first year of University of Roehampton Nursing students and Year 11 students (2020/21: 175).

Tangible resources now comprise 3 unsecured sites, the Croydon campus at College Road, Croydon, the Coulsdon College campus at Placehouse Lane, Old Coulsdon and a building let on a long lease to a third party in Selhurst. The proceeds from the sale of the Barclay Road site in July 2018 are still being held within cash and short term investments for reinvestment in the Croydon campus. The completion of the new Clinical Simulation Suite and match funding for the ESFA's Building Condition grant during 2020/21 at the Croydon campus, the two T Level grants awarded for 2021/22, one for each campus, and the 2022/23 FECTF are match funded from these funds.

As at 31st July 2022, the College has £44.31 million of net assets (including £4.4 million pension liability) (2021: £17.7m, including £33.3m of pension liability) and long term debt of £5.7 million (2021: £6.3m).

Both Colleges have a good reputation locally and nationally. Maintaining distinct College brands is essential for the College's success at attracting students and external relationships.

Stakeholders

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

- Students
- Education sector funding bodies
- FE Commissioner
- Staff at both campuses
- Local employers
- Local authorities
- Greater London Authority ('GLA')
- The local communities of Croydon and Coulsdon
- Other FE institutions
- Trade unions
- Professional bodies.

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

Public Benefit

Croydon College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 19 and 20.

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In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education to 6,466 students, including 74 19-24 students with ESHP's. The College provides courses without charge to young people, to those who are unemployed and adults taking maths and English courses. The College adjusts its courses to meet the needs of local employers and provides training to 247 apprentices. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of the educational background.

DEVELOPMENT AND PERFORMANCE

Financial Results

Croydon College generated a deficit before tax, including profit on disposal of fixed assets, fair value of donated IT equipment and long leasehold property of £1,187k (2020/21 – surplus of £21k). The Local Government Pension Scheme ('LGPS') FRS102 provision adjustments are again significant this year, contributing £2,419k to the deficit before other gains and losses (2020/21 - £1,666k). The underlying operations of the College can be illustrated in the following table:

£'000	2021/22	2020/21
(Deficit)/surplus before other gains and losses for the year	(1,187)	21
Revaluation of investment property	(273)	-
Profit on disposal of fixed assets	(85)	(600)
Adjustments for donations, merger and LGPS FRS102 :		
Fair value of donated IT equipment	(21)	(260)
Merger grant (provision release) / repayment	(43)	261
LGPS and EPP FRS 102 charges	2,419	1,666
Underlying operational surplus	810	1,088

After actuarial gain in respect of the LGPS and the Enhanced Pension Provision of £27.8m, total comprehensive income of £26.6m for the year was achieved (2019/20 – £1.1m comprehensive income deficit, after actuarial loss in respect of the LGPS of £1.1m).

Despite the challenges faced from emerging from Covid – 19 the College maintained achievement of its main grants, except for the ESFA Adult Education Budget, where attainment was 96%, just under the national tolerance of 97%, and the National Skills Fund grants.

The College has cash and short term investments totalling £12.5m and accumulated reserves, including revaluation reserve of £44.3m as at 31st July 2022, compared to cash and short term investments of £11.4m and accumulated reserves of £17.7m as at 31st July 2021. A significant increase in the actuarial gains for both the LGPS and the Enhanced Pension provision of £27.8m accounts for the large movement.

Tangible fixed asset additions during the year amounted to £11m (2020/21 - £2.2m), comprising building refurbishment for the new Nursing Clinical Simulation Suite and T Level Engineering projects and equipment for these projects as well as IT infrastructure and replacement IT equipment of £816k (2020/21- £561k) at both campuses. A review of old IT equipment led to the disposal of over £3m of fully written down assets.

The triennial valuation of the Local Government Defined Benefit Pension Liability established that the College's funding of its liabilities had increased from 73% at 31st March 2016 to 85% as at 31st March 2019 and the Employer's contribution rate was increased by 8.1% from April 2020. The actuary has recently issued the Funding Position as at 31st March 2022, which is now at 98%.

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Cash Flows and Liquidity

Net cash flow inflows from operations were £2.0m (2020/21 - £2.1m). During the year, the College made capital repayments of loans totalling £644k (2020/21: £627k) and interest payments of £242k (2020/21: £250k) for the College's loans. Short term investments totalling £28k were made in the year (2020/21: £24k). In total, after receipt of £85k (£600k for 2020/21) for disposal of fixed assets, there was total cash inflow of £1,007k (2020/21: cash inflow of £871k).

The College continues to accumulate cash balances in order to finance its investment in its estate, particularly at the Croydon campus. The College consider that it has adequate reserves to enable it to maintain operations during 2022/23.

Reserves

Excluding the revaluation reserve, as at 31st July 2022 the College has accumulated positive income and expenditure account reserves of £16.9m (2021: negative reserves of £9.7m), with the large actuarial adjustments for the Pension Schemes deficits accounting for this significant movement. Excluding the effect of the actuarial adjustments, the College has accumulated positive income and expenditure account reserves of £25.0m (2021: £23.6m). The College also has net current assets of £7.6m (2021: £6.5m).

Whilst the College is striving to improve this and achieve an overall positive position in terms of its income and expenditure account reserves, it is mindful that this will be greatly influenced by the performance of the Croydon Local Government Pension Scheme and continuing ESFA grants to cover the substantial increased costs of the Teachers' Pension Scheme from April 2022.

The College also recognises that whilst the level of reserves is important, it is the level of cash availability and the ability to generate cash that is the most crucial factor to maintain financial stability.

Sources of Income

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2021/22 the FE funding bodies provided 78.5% (2020/21 – 78.4%) of the College's total income.

FUTURE PROSPECTS

Developments

Through increased 16-18 year old student recruitment and efficiency savings, the College continues to reduce the operating deficit costs of the Coulsdon College activities going forward. Efficiency savings continue to be made, particularly in the Corporate Services with reductions in printing and reprographics costs in 2021/22, being re-invested in bolstering cyber security. With a focus on maximising the contribution from all of its activities across both sites as the local demographic increases, a surplus budget of £233k for 2022/23 has been set, whilst maintaining sector average pay increases to staff. The College aims to reduce dependency on funding bodies and is continually seeking viable suitable opportunities to achieve this with its new HE partner, the University of Roehampton, whilst also recruiting to new T levels in Science and Engineering from September 2022, as well as growth in providing skills to London based adults.

Financial Plan

The Croydon governors approved a financial plan in July 2021 which set objectives for the period to 31st July 2023, with a view to increasing surplus budgets.

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

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management policy in place. Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation.

Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities. The College reserves have £nil held as restricted reserves. As at the balance sheet date, the Income and Expenditure reserve stands at £16.934m (2021: negative £9.674m). It is the Corporation's intention to maintain adequate reserves over the life of the strategic plan whilst funding the recovery of deficit operations at the Coulsdon campus to enable increased operating surpluses to be delivered in 2022/23 and 2023/24.

Going concern

As at 31 July 2022, the College has two loans outstanding with Barclays Bank totalling £5.7m on terms negotiated in 2007 and 2010 with repayment due by 2029 and 2030. Neither of the loans is subject to a charge on the assets of the College. The College had closing cash balances and short term deposits totalling £12.5m as at 31 July 2022 and at present does not require, nor has in place, any overdraft facility. The College's forecast and financial projections indicate that it will be able to operate within the loan covenants for the foreseeable future.

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

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

The College has undertaken further work during the year across both campuses, 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. In the last two years it has developed on line student services support systems, as well as line teaching resources and communication processes to students and parents. In 2021/22 it achieved Cyber Essentials accreditation and is working towards Cyber Essentials Plus.

Based on the Strategic Plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed and formulates a risk register. This 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. This is supported by a risk management training programme to raise awareness of risk throughout the College. The plan outlines the necessary internal controls, which are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. Monitoring and progress against the plan is undertaken termly by each of the relevant sub committees of the Board with oversight by the Audit Committee.

In addition, the 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.

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

1 Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies and through the Office for Students (previously HEFCE). In 2021/22 78.5% (2020/21: 78.4%) of the College's revenue was ultimately publicly funded and this level of requirement is expected to increase as demographic changes continue to drive the enrolment of young people. There is greater Government recognition of the role of colleges,

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resulting in an increase to funding per 16-18 student and additional priority grants being awarded in 2021/22, the first time for a number of years. However, there can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

- The 2022 Skills and Post -16 Education Bill is likely to bring some significant change to the Colleges operating environment.
- The complexity of the Apprenticeship funding for all Colleges and employers
- The impact of 16-18 recruitment on funding, with changes in funding lagging a year behind.
- The College's ability to grow Adult Education Budget delivery to meet demand which is restricted by the current GLA commissioning and procurement process
- Increases in the cost of living and the pressure on staff pay increases, which cannot meet the forecast RPI increases in 2022/23 and impact on our ability to attract and recruit staff
- The increases in running costs for the College campuses, especially the Croydon campus, which still needs considerable building condition repairs
- The triennial actuarial valuation of the Local Government Pension Scheme deficit as at 31 March 2022 may impact on the levels of costs for the 3 years from April 2023.

These issues are managed by the following actions:

- By ensuring the College is rigorous in delivering high quality education and training which meet the needs of the local community and economy
- Maintaining and managing key relationships with the various funding bodies, and applying for growth contracts where possible
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Regular dialogue with funding bodies, including the GLA for the devolved AEB grant.
- Increasing resources, and therefore reducing margins, to assist Apprenticeship employers navigate the continuously changing Funding Rules
- Continuing to review operational efficiencies to enable sector wide pay increases to be paid to staff.

2. Growth of HE provision

Higher Education continues to be a very competitive market, yet is crucial to the local economy and our students' progression. With more HE providers moving into the Borough we need to manage this risk carefully.

This risk is mitigated in a number of ways:

- Carefully aligning areas of growth to the local economy and the aspirations of our students
- By investing in specialist capital resources to meet new course needs
- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students.

3. Coulsdon Sixth Form College

Coulsdon Sixth Form College achievement rates in 2021/22 were low. Impacted by staff recruitment issues, poor implementation of pastoral care and inconsistent curriculum management.

This risk will be managed and mitigated in 2022/23 by:

- A new Leadership and Management Structure, with clear accountability for pastoral support and student progress
- Close management of student progress
- Clear expectation of staff and their performance.

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KEY PERFORMANCE INDICATORS

In addition to the annual financial performance objectives on page 6, the key financial indicators set and regularly monitored by the Board for 2021/22 and the outturn are:

KPI	Targets 2021/22	Actual 2021/22
Student numbers 16-18	2,740 actual, 2,635 funded	2,646
GLA AEB income attainment	100%	102% in total
ESFA AEB attainment	100%	96.8%
EBITDA excl. Restructuring Grant, associated merger costs and Capital grant release	£1,461k	£2,158k
Cash reserves	£8m, assuming FECTF grant works undertaken without grant during 2021/22	£12.5m, FECTF grant works awarded, but delayed leading to works planned for 2022/23.
Financial health score	Good	Outstanding

Student Achievements

Achievement in classroom based learning for all ages for both campuses declined to 79% in 2021/22 from 82% in 2021/22. 16-18 achievement was finalised at 68%, or 74% if EPQ and Laser Progression qualifications at Coulsdon are excluded (83% - 2020/21) and 19+ achievements 84% (80% - 2020/21)

Student Performance 2021/22 compared to 2020/21 – all College

Achievement	21/22	20/21
	Actual	Actual
Overall All	79%	82.1%
Overall 16-18	68%	83.7%
Overall 19+	84%	80.3%
Apprenticeships – Overall	63%	76.5%

In 2021/22, exams were reintroduced following the suspension of public exams during the pandemic, during which student achievement was based on teacher assessment. Nationally achievement fell as exams were reintroduced.

Overall 16-18 achievement declined at the College, with good outcomes at the Croydon Campus and low outcomes at the Coulsdon Campus. Coulsdon was impacted by difficulty recruiting some teaching staff (Sport, Public Services and Business), late and poorly managed additional qualifications for students in EPQ and Laser Progression Awards (removing these achievement rises to 74%), with very low achievement and ineffective preparation for the RQF.

Good outcomes for Adult students, achievement improved, and targets were exceeded. There was significant improvement in outcomes on Access to Higher Education programmes.

Overall achievement on Apprenticeships was good, with very good achievement on STEM apprenticeship, but weaker achievements on professional apprenticeships, which was impacted by job losses during the Covid -19 Pandemic.

Curriculum developments

At the Croydon Campus 2021/22 saw growth of students studying Construction and Engineering, Health and Social Care, and a small increase in the number of students on digital courses, in response to local demand.

The number of students on a study programme at the Croydon Campus continues to grow, with particular growth in ESOL for 16-18s. The Small Group Tuition fund was predominantly targeted at supporting 16-18 year olds with their English and maths, funding was also used to provide catch up workshop sessions elsewhere in technical professions.

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The College continued its contractual agreement to teach year 11 students in a discrete group. Most students in this cohort were new arrivals to the UK or to the Authority and many were looked after children and 98% have progressed into mainstream college education in 2022/23.

21/22 saw the continued growth of the College's employability work, with the opening of the youth employment hub in partnership with DWP, the College led as a Bootcamp provider with LSBU (which received excellent feedback from an Ofsted thematic review) and launched the new 3 year Digital Hub programme in summer 2022. This new provision continues to be highly successful re-skilling our local community post pandemic.

Demand for Adult Education Budget funded courses continues to be higher than our funding allocation, requiring the College to seek an advance of its Good Work for All allocation to fund activity. ESOL provision has grown significantly to meet demand and the number of adults studying discrete English and Maths in Functional Skill and GCSE's continues to increase. The College has successfully bid for a further £0.5m increase in its main GLA Adult Education Budget grant for 2022/23.

In partnership with the University of Roehampton and supported by Croydon University Hospital, the College fulfilled its long-term ambition to introduce a Degree in Nursing at its Croydon Campus, In 2021/22 42 students begin their Degree in Adult Nursing and recruitment to a new Degree in Children's Nursing met target in September 2022.

At Coulsdon, the popular mix of A Levels and Vocational Courses continues to allow students to access a curriculum best suited to their aspirations. The number of students choosing to study at Coulsdon reduced in 2021/22 as the higher levels of achievement nationally through Teacher Assessed Grades meant more young people were able to chose to continue their education at their school. Following 2 years of the pandemic and cancelled exams, Coulsdon moved to the RQF in 2021/22. Low achievement rates are partially attributable to some curriculum areas not sufficiently preparing students for unseen tasks and final exams required in the RQF, and this is being urgently addressed in 2022/23.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2021 to 31 July 2022, the College paid 83% of its invoices within 30 days, an improvement of 11% compared to last year. The College incurred no interest charges in respect of late payment for this period.

EQUALITY AND DIVERSITY

Equality

At Croydon College we are proud of our diverse staff and student community, we promote and celebrate inclusion and recognise diversity as a key strength. We value and respect everyone who studies and works at our College and are committed to supporting students and staff to achieve great things. We will actively seek views from students and staff, creating an environment where everyone is treated with respect, feels listened to, and valued for their contribution. The diversity of our College community is a key strength of our organisation and by ensuring our students and staff are heard, respected and involved in decision making we enhance our students' experience and make our College an even better place to study and work. We are working with National Centre for Diversity to embed the FREDIE values (Fairness, Respect, Equality, Diversity, Inclusion and Engagement) in our College.

Equality commitments

- We value all our students and staff as individuals with a unique set of characteristics
- Our FREDIE values are at the heart of our approach to students and staff
- Our College treats all people fairly and operates with the principles of respect, care and consideration
- Equality of access, treatment and services for all students and staff.

CROYDON COLLEGE

MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2022

Diversity commitments

- We recognise that everyone is unique
- Our College community is diverse, we continue to enhance our culture of inclusion, increasing the diversity of our College community, recognising that in doing so we enhance our students' experiences and make our College an even better place to study and work
- Our curriculum celebrates the diversity of our community
- Our ways of working are focused on inclusion and harness the power of our diversity.

Inclusion commitments

- Equal access and opportunities to all. We do not tolerate discrimination or intolerance
- Collaborative decision making with decisions made at the most appropriate level
- Students and staff are encouraged to be open and honest and know that they will be listened to
- We engage with our staff BEN Network and other staff for a to ensure staff voice is heard.
- We are an inclusive College, committed to meeting the needs of our students and staff.

We achieve this by:

- Promoting and supporting FREDIE as strengths which enrich our College, the experience of our students and the experience of our staff
- Making sure that this statement is understood and shared with all staff, so that there is a common expectation of how staff are treated and supported in our organisation
- Fostering a culture throughout the College that promotes these principles and ensures that they are embedded in our policies, processes, practice and decision making
- Ensuring that these principles are embedded in student admissions and staff recruitment and selection practices
- Ensuring our approach to FREDIE means that we value and support our differences
- Bullying and harassment, or discrimination of any kind is not tolerated in our College
- Committing to a robust analysis of EDI data to identify areas of under-representation, and creating action plans to address these, ensuring these action plans are available and shared with students and staff.

The College's Equalities Statement is published on its website. The College publishes an annual HR report, which includes EDI Analysis and has committed to publish gender and ethnicity pay gap reports.

The College has signed up to the Disability Committed Scheme which means that applicants who meet the essential criteria of a post are guaranteed an interview. All staff receive training on equality and diversity with training for new starters and is available on the on-line platform for refresher courses at any time.

Disability statement

The College, at all campuses, seeks to achieve the objectives set down in the Equality Act 2010:

- As part of its accommodation strategy the College regularly updates its access audit. Experts in this field are used as and when required.
- The College uses external advisors as and when required to provide information, advice and guidance to enable the College to arrange appropriate support for students with disabilities.
- There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.
- There is an admissions policy for all students with an appeals process.
- The College uses specialist lecturers and support staff to support students with learning difficulties and/or disabilities and other support for learning. There is a programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- Information on access to counselling and welfare services is provided to students together with the Compliments and Complaints and Disciplinary Procedure leaflets at induction.

CROYDON COLLEGE

MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2022

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 requires colleges to publish information on facility time arrangements for trade union officials. For 2021/22, this information for the College is as follows:

Numbers of employees who were trade union officials during the year	FTE employee number
4	3+1 part time
Percentage of time	Number of employees
0%	-
1-50%	4
51-99%	-
100%	-
Total cost of facility time	£21k (including costs for a Union Official recharged by Collegiate Trust)
Total pay bill	£17,871k
Percentage of total bill spent on facility time	0.12%

Time spent on paid trade union activities as a percentage of total paid facility time	100%
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EVENTS AFTER THE REPORTING PERIOD

On 29th November 2022, the Office for National Statistics reclassified all college corporations to Central Government sector with immediate effect. This will mean that colleges will now be subject to the framework for financial management set out in Managing Public Money (MPM) and the Department for Education will introduce new rules for colleges, some of which will take effect immediately.

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 7th December 2022 and signed on its behalf by:



Tony Stevenson
Chair

CROYDON COLLEGE

MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2022

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2021 to 31st July 2022 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); and
- ii. in accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the AOC Code");

In the opinion of the Governors, the College complies with all the provisions of the AOC Code, and it has complied throughout the year ended 31 July 2022. This opinion is based on an internal review of compliance with the Code reported to the Governing Body on 7 December 2022.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 1 December 2015. The amendments to the Code of Good Governance that relate to Senior Post Holders Remuneration and the Senior Post Holders Remuneration Code were adopted by the Board on the 4 December 2019.

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.

Public Value Statement:

Croydon College is ambitious for its community and seeks to provide outstanding education and training opportunities for all. We strive to raise aspirations and change the lives of the people living, working and learning around us. Our focus is on actively working in partnership to invest, grow and shape the services within our community, supporting economic growth through delivering skills for employment and enterprise.

The Corporation

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

Name	Date of appointment/ reappointment	Term of office	Date of resignation/ end of term of office	Category to which appointed	Committees served	Attendance at meetings in year ended 31 July 2022 (Board & committees)
Tony Stevenson (Chair of Governors)	21 October 2020	4 yrs		Governor	Finance & Resources Search & Governance Remuneration	100%
Tom Hesmondhalgh (Vice-Chair of Governors until 1 September 2021)	3 Oct 2017	4 yrs	1 September 2021	Governor	Learning & Quality Coulsdon (Chair) Search & Governance (Chair) Remuneration Audit	N/A
Jean Cook	10 July 2019 (reappointment)	4 yrs		Governor	Learning & Quality Croydon	100%

CROYDON COLLEGE
MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2022

					Learning & Quality Coulsdon	
Andrew Lowe	1 August 2019	4 yrs		Governor	Finance & Resources (Chair)	75%
Lucia Guetcherian	16 October 2019	4 yrs		Staff Governor	Learning & Quality Croydon	57%
Nasim Jivani- Hemani	26 February 2020	4 yrs		Governor	Finance & Resources Search & Governance Remuneration	92%
Fiona Brennan	18 March 2020	4 yrs	16 September 2022	Staff Governor	Learning & Quality Coulsdon	71%
Andrew Gilchrist	18 May 2020	4 yrs		Governor	Audit (Chair)	86%
Catherine Boyd-Maunsell (Vice-Chair of Governors from 1 April 2022)	04 June 2020	4 yrs		Governor	Finance & Resources Search & Governance (Chair from 20 October 2021) Remuneration (Chair)	92%
Claudine Reid	21 October 2020	4 yrs	10 November 2022	Governor	Learning & Quality Coulsdon (Chair from 20 October 2021) Audit	50%
Frederick Law	24 March 2021	4 yrs		Governor	Audit Search & Governance Remuneration (from 21 October 2021)	100%
Andy Wilson	1 June 2021	4 yrs		Governor	Learning & Quality Croydon (Chair from 21 October 2021) Learning & Quality Coulsdon	100%
Soumick Dey	1 June 2021	4 yrs		Governor	Learning & Quality Croydon Learning & Quality Coulsdon	60%
Niral Patel	20 October 2021	4 yrs		Governor	Finance & Resources	100%
Mike Fisher	20 October 2021	4yrs		Governor	Audit	83%
Nataly Vivanco- Piechota	20 October 2021	1 yr		Student Governor	Learning & Quality Coulsdon	86%
Alex (Anastasia) Fox	20 October 2021	1 yr	28 February 2022	Student Governor	Learning & Quality Croydon	100%
Neath Coley	18 May 2022	Until July 2022		Student Governor	Learning & Quality Croydon	50%
Yvonne White	19 October 2022	4 yrs		Staff Governor	Learning and Quality Coulsdon	-

CROYDON COLLEGE MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2022

Mario Cuba	Elected 14 October 2022	1 yr		Student Governor	Learning and Quality Coulsdon	-
Sally Andrews	Elected 28 October 2022	1 yr		Student Governor	Learning & Quality Croydon	-

Jean Cook is the link Governor for the College's Safeguarding Committee, Nasim Jivani-Hemani is the link Governor for the College's Health and Safety Committee. Jean Cook attended the College's Sustainability Group meetings during 2021/22. Claudine Reid is the Governor representative on the College's Careers and Employability Steering Group and the Investors in Diversity Accreditation Steering Group.

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. Following merger in February 2019, a Learning and Quality Board was set up specifically for Coulsdon College and this continued during 2021/22.

The Corporation has also established a Higher Education Group, reporting to the Croydon Learning and Quality Committee, to monitor progress against the conditions imposed on HE provision by the Office for Students and the transition to a new validating university from September 2021. The HE group continued to meet throughout 2021/22 and reported regularly on progress to the Croydon Learning and Quality Committee and the Corporation.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters, Human Resources and related matters such as health and safety and environmental issues. Management Accounts are provided monthly. The Corporation meets each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation and are reviewed annually. These committees are Finance and Resources, Remuneration, Search and Governance, Audit and Learning and Quality (Croydon and Coulsdon). Once approved, full minutes of meetings, except those deemed to be confidential by the Corporation, are available on the College website or from the Director of Governance /Clerk to the Corporation at: Croydon College, College Road, Croydon, Surrey CR9 1DX.

The Director of Governance/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 Director of Governance/Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Director of Governance/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 provided on an ad hoc basis. The Corporation and its Committees continued to meet as scheduled during 2021/22, with committee meetings held virtually and Board meetings held in person. Two Governor Days were also held in person in December 2021 and July 2022. A small number of urgent decisions that were required between meetings were approved by Chair's action as permitted under the Corporation's Instruments and Articles and Standing Orders.

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.

CROYDON COLLEGE

MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2022

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that the appropriate training is provided as required. Members of the Corporation are appointed for a term of office not exceeding four years.

In 2021/22 the Search and Governance Committee consisted of five members of the Corporation including the Principal. In 2021/22, the Search and Governance Committee recommended the appointment of two new external governors to the Board, all of whom were appointed.

The new Governors, bring expertise in commercial property and audit and risk to complement the existing skills on the Board. A comprehensive induction pack has been provided to all new Governors and induction for the two new Governors took place in person. The Chair has one to one conversations/meetings with individual Governors.

Corporation performance

A full external governance review took place in 2019/20, and details are provided in the financial statements for that year. In line with the new requirement for external governance reviews to be undertaken every three years, the next external governance review will take place at the end of 2022/23.

In 2021/22 assessment of the Governing Body's performance has taken place internally through the following suite of indicators; a questionnaire to all Governors, an overview of review meetings between the Chair and individual Governors, the Chair's review, an assessment of compliance with the AoC's Code of Good Governance, a review of performance against the College's KPIs, Governor attendance and a review of Governor engagement and activity. This process was overseen by the Search and Governance Committee who recommended the statement on Board performance for 2021/22, which is detailed in the Statement on Internal Control, to the Board for approval.

Training and development

A development programme is in place for the Board, which is reviewed annually. In 2021/22 this included training for the whole Board on risk management by an external specialist and a session on governance, governor responsibilities and conduct delivered by the Director of Governance and a National Leader of Governance. The Board also had a virtual session with the CEO of the AoC, David Hughes, on the challenges facing FE Colleges.

Internal training was delivered to the Board on Safeguarding and Prevent, The Future of 16-18 Study Programmes and the Level 3 Qualification Review, the SEND Green Paper and Children's services, the Ofsted inspection regime, and the new statutory duty to meet local skills needs. The members of the Audit Committee and other interested Governors received internal training on FE funding streams.

The Chair held one to one review meetings with all Governors in the Spring term. One of the aims of these meetings was to identify the training and development needs of individual Governors. The College has purchased a subscription to the ETF Governance Development Programme Modules, which all Governors have access to. Governors are also offered access to the supporting webinars and master classes provided by the ETF. A number of Governors attended the AoC Governors' Online Summit on 1/2 February 2022 and both Student Governors attended the AoC/Unloc training for Student Governors in Birmingham in November 2021.

The first 360 degree review of the Chair was undertaken in June 2022. A summary of the review and the actions identified was reported to the Search and Governance Committee by the Vice-Chair who conducted the review meeting.

The Director of Governance attended the AoC Governance Professionals Online Conference in April 2022 and the monthly virtual AoC London Governance Professionals Network meetings during 2021/22. The Director of Governance met the CPD requirements for a Fellow of the Chartered Governance Institute for the year ending July 2022.

CROYDON COLLEGE

MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2022

Remuneration Committee

The membership of the Remuneration Committee in 2021/22 mirrors the membership of the Search and Governance Committee, with the exception of the Principal who is not a member of the Remuneration Committee. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel. The membership of the Remuneration Committee in 2021/22 is stated in the membership table above.

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

A separate Remuneration Report has been published by the Corporation in compliance with the requirements of the AoC Senior Postholder Remuneration Code.

Audit Committee

The Audit Committee is comprised of a minimum of three members of the Corporation (excluding the Accounting Officer and Chair) during 2021/22 and met on three occasions during the year. Attendance was as follows:

Committee member	Meetings attended
Andrew Gilchrist (Chair)	3
Claudine Reid	2
Frederick Law	3
Mike Fisher	2
Tom Hesmondhalgh (co opted)	3

The Committee operates in accordance with written terms of reference approved by the Corporation which were reviewed during the year to ensure compliance with the 2021/22 Post 16 Audit Code of Practice.

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

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. The oversight of risk management has been strengthened following an internal audit of this area in 2020/21. Committees are now undertaking regular deep dives into specific areas of risk to review the effectiveness of the controls in place. The Audit Committee undertook the first of these deep dives, into cyber security risk, at its meeting in June 2022. Board members also received risk management training from a specialist at RSM, the College's internal auditors, in October 2021. Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal auditors, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation. There have been no changes to the internal or external auditors during 2021/22. Following a re-tender of the internal audit services, RSM have been reappointed from 1 August 2022.

Finance and Resources Committee

The Finance and Resources ('F&R') Committee has a membership of five governors, including the Accounting Officer and Chair of the Corporation. The remit of this committee is to contribute to those aspects of the College Strategic Plan which affect the deployment of financial, human, property or other capital resources and to ensure that resources are used effectively and efficiently.

CROYDON COLLEGE MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2022

In 2021/22 the Committee discussed the Apprenticeship Strategy and final risks relating to apprenticeships. The Committee also made recommendations to the Board in relation to overage negotiation and monitored the insurance and estates implications of the April 2022 extensive flood in the sub-basement.

Internal Control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is 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 Croydon College for the year ended 31 July 2022 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the 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 year ending 31 July 2022 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.

Croydon 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 minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

The Audit Committee was provided with regular reports on this assurance activity in the College.

CROYDON COLLEGE

MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2022

Risks faced by the corporation

The risks to the attainment of the College's strategic plan to 2024 were rated as acceptable/potential concern (green or amber net risk rating) with the following exceptions, which were identified as areas of high risk (red risk rating) at the end of 2021/22:

- Achievement and pass rates at the Coulsdon Campus
- Achieving a confident, happy, diverse and energetic workforce (across both campuses)

These risks and the effectiveness of the mitigations in place have been closely monitored by the Executive and relevant Board Committees. The Finance and Resources Committee undertook a deep dive into staff recruitment and retention at its March 2022 meeting.

Responsibilities under funding agreements

The Audit Committee set a number of internal audits during the year as part of a 3-year cycle to review key systems and controls, such as finance, learner numbers, apprenticeships, DSATs, secure remote working and operational resilience, budget monitoring and control and capital projects to enable it to confirm that responsibilities under funding agreements with the ESFA and GLA have been met. The College also received a Satisfactory outcome following the audit of its 2021/22 Adult Education Budget, Good Works for All and National Skills Fund grant claims by the GLA in November 2022.

Control weaknesses identified

Apart from the matter arising from the secure remote working and operational resilience, no significant internal control weaknesses or failures arose during 2021/22. The matters arising from that review were substantially actioned during the summer recess, when systems downtime was possible to enable additional protections to be mobilised. The College continues to action all audit recommendations promptly to ensure that any weaknesses identified are addressed.

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 2021/22 and up to the date of the approval of the financial statements are:

Area of review	Conclusions	Recommendations – High, Medium or Low
Budget Monitoring and Control	Substantial assurance	2 L
Key Financial Controls	Substantial assurance	1 L
Capital Projects	Substantial assurance	1 M
Follow up from previous years	Good progress	N/A
Learner numbers, including Apprenticeships	No opinion/advisory	2 M and 3 L
DSAT review	No opinion/advisory	1M and 3 L
Secure Remote Working and Operational Resilience	Partial assurance	6 M and 4 L
Subcontractor Controls	No significant issues identified for £297k AEB contract, but a number of issues noted for £40k Apprenticeship partners	

CROYDON COLLEGE

MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2022

Review of effectiveness

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

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance and other reports.

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior 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 the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2022 meeting, the Corporation carried out the annual governance self-assessment for the year ended 31 July 2022 by reviewing a range of information as set out earlier in the report, and taking account of events since 1 August 2021. The conclusion was that the Board is an effective group of Governors with a broad range of skills and experience, which has been strengthened in the areas of audit and risk and commercial property by appointments made during the year. Governors have self-assessed the College's governance arrangements overall as good. However, further work is need to increase the effectiveness of the Learning and Quality Committees and to ensure that they have access to data that enables them to monitor in year progress to drive improvements.

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"*.


Going concern

The College has prepared a detailed budget for the year to 31 July 2023 and an indicative forecast for the year to 31 July 2024. This assumes that the funding levels advised by the ESFA will be made available to the College and that the majority of these funds will be utilised. A monthly cash flow forecast has been prepared for the financial year to 31 July 2023 and beyond through to 31 December 2023 which indicates that the College will have sufficient funds to meet its liabilities.

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

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


Caireen Mitchell
Accounting Officer


Tony Stevenson
Chair of Governors

CROYDON COLLEGE
MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2022

Statement of regularity, propriety and compliance

As Accounting Officer, I confirm that the Corporation has had due regard to the requirements of grant funding agreements and contracts with ESFA and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding.

I confirm on behalf of the Corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the Corporation, or material non-compliance with the terms and conditions of funding, under the College's grant funding agreements and contracts with ESFA, or any public funder.

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



Caireen Mitchell
Accounting Officer
7 December 2022

Statement of 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.



Tony Stevenson
Chair of Governors
7 December 2022

CROYDON COLLEGE

MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2022

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's grant funding agreements and contracts with the ESFA and any other relevant funding bodies, the Corporation, through its Accounting Officer, is required to prepare financial statements and, within the Members' Report, an operating and financial review for each financial year in accordance with the *Statement of Recommended Practice – Accounting for Further and Higher Education*, ESFA's *College Accounts Direction* and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the Corporation and surplus/deficit of income over expenditure for that year.

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

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

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA, and any other public bodies, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA, or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economic, efficient and effective management of the Corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

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



Tony Stevenson
Chair of Governors

**CROYDON COLLEGE
MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2022**

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF CROYDON COLLEGE

Opinion

We have audited the financial statements of Croydon College (the 'College') for the year ended 31 July 2022 which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the College's affairs as at 31 July 2022 and of its deficit of income over expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ In all material respects, funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- ◆ In all material respects, funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- ◆ The requirements of OfS's accounts direction have been met

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members of the Corporation are responsible for the other information contained within the annual report. Our opinion on the financial statements does not

CROYDON COLLEGE

MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2022

cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- ◆ proper accounting records have not been kept;
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ all the information and explanations required for the audit were not received.

Responsibilities of the Corporation

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the College through discussions with management, and from our knowledge and experience of the sector;

CROYDON COLLEGE MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2022

- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the College, including the Further and Higher Education Act 1992, agreements with the ESFA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.
- ◆ We assessed the susceptibility of the College's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
- ◆ making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.
- ◆ To address the risk of fraud through management bias and override of controls, we:
- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions; and
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;
- ◆ In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of Corporation meetings;
- ◆ enquiring of management as to actual and potential litigation and claims; and
- ◆ reviewing any available correspondence with HMRC and the College's legal advisors (although none was noted as being received by the College).

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the members of the Corporation and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

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



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 16 December 2022

CROYDON COLLEGE

MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2022

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY

To: The Corporation of Croydon College and Secretary of State for Education, acting through the Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 5 August 2020 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Croydon College during the period 1 August 2021 to 31 July 2022 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of Croydon College and the reporting accountant

The Corporation of Croydon College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them. Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

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

CROYDON COLLEGE
MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2022

Reporting accountant's assurance report on regularity (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Date: 16 December 2022

CROYDON COLLEGE
STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
	Notes		
INCOME			
Funding body grants	2	23,667	22,120
Tuition fees and education contracts	3	4,915	5,045
Other grants and contracts	4	146	195
Other income	5	1,369	558
Investment income	6	44	25
Donations	10	21	260
Total income		30,162	28,203
EXPENDITURE			
Staff costs	7	21,010	19,084
Other operating expenses	8	7,290	6,552
Depreciation	10	2,594	2,431
Interest and other finance costs	9	813	715
Total expenditure		31,707	28,782
Deficit before other gains		(1,545)	(579)
Increase in value of investment property	10	273	-
Profit on disposal of fixed assets	10	85	600
(Deficit)/surplus before tax		(1,187)	21
Taxation		-	-
(Deficit)/surplus for the year		(1,187)	21
Other recognised gains and losses			
Actuarial gain in respect of pension schemes		27,795	1,052
Total Comprehensive income for the year		26,608	1,073

The notes on pages 35-53 form part of these financial statements

The statement of comprehensive income is in respect of continuing activities

CROYDON COLLEGE
STATEMENT OF CHANGES IN RESERVES

		Income and Expenditure account £'000	Revaluation reserve £'000	Total £'000
Balance at 31 July 2020		(10,747)	27,376	16,629
Surplus from the statement of comprehensive income		21	-	21
Actuarial gain in respect of LGPS pension scheme		1,052	-	1,052
Balance at 31 July 2021		(9,674)	27,376	17,702
Deficit from the statement of comprehensive income		(1,187)	-	(1,187)
Actuarial gain in respect of LGPS pension scheme	19	27,606	-	27,606
Actuarial gain in respect of Enhanced Pension Scheme	15	189	-	189
Balance at 31 July 2022		16,934	27,376	44,310

CROYDON COLLEGE
BALANCE SHEET AS AT 31 JULY 2022

	Notes	As at 31 July 2022 £'000	As at 31 July 2021 £'000
Non-current assets			
Tangible Fixed assets	10	95,197	96,427
		<u>95,197</u>	<u>96,427</u>
Current assets			
Trade and other receivables	11	1,730	1,722
Short term deposits		7,162	7,134
Cash and cash equivalents		<u>5,322</u>	<u>4,315</u>
		14,214	13,171
Less: Creditors – amounts falling due within one year	12	<u>(6,642)</u>	<u>(6,668)</u>
Net current assets		<u>7,572</u>	<u>6,503</u>
Total assets less current liabilities		102,769	102,930
Creditors – amounts falling due after more than one year	13	(48,790)	(50,059)
Provisions			
Defined benefit obligations	19	(8,077)	(33,293)
Other provisions	15	<u>(1,592)</u>	<u>(1,876)</u>
Total net assets		<u>44,310</u>	<u>17,702</u>
Unrestricted Reserves			
Income and expenditure account		16,934	(9,674)
Revaluation reserve		<u>27,376</u>	<u>27,376</u>
Total unrestricted reserves		<u>44,310</u>	<u>17,702</u>

The financial statements on pages 35 to 53 were approved by the Corporation and authorised for issue on 7 December 2022 and were signed on its behalf on that date by:



Caireen Mitchell
Principal and CEO Croydon College



Tony Stevenson
Chair, Croydon College

CROYDON COLLEGE
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2022

	Year to 31 July 2022 £'000	Year to 31 July 2021 £'000
Cash flow from operating activities		
(Deficit)/surplus for the year	(1,187)	21
Adjustment for non-cash items		
Depreciation	2,594	2,431
Donated assets	(21)	(260)
Decrease/(increase) in debtors	1	(715)
(Decrease)/increase in creditors due within one year	(37)	1,020
Decrease in creditors due after one year	(1,476)	(1,516)
Decrease in provisions	(125)	(149)
Pensions costs less contributions payable	1,844	1,201
Adjustment for investing or financing activities		
Investment income	(44)	(25)
Interest payable	813	715
Profit on disposal of fixed assets	(85)	(600)
Revaluation of investment property	(273)	-
Net cash inflow from operating activities	2,004	2,123
Cash flows from investing activities		
Capital Grants received	872	1,174
Proceeds from sale of fixed assets	85	600
Investment income	38	21
Increase in cash deposits	(28)	(24)
Payment made to acquire fixed assets	(1,078)	(2,146)
	(111)	(375)
Cash flows from financing activities		
Interest paid	(242)	(250)
Repayments of amounts borrowed	(644)	(627)
	(886)	(877)
Increase in cash and cash equivalents in the year	1,007	871
Cash and cash equivalents at beginning of the year	4,315	3,444
Cash and cash equivalents at end of the year	5,322	4,315
	1,007	871

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 2021 to 2022 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS102 requires the use of certain 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 historic cost convention as modified by the revaluation of certain fixed assets.

GOING CONCERN

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

As at 31 July 2022, the College has £5.677m of loans outstanding with Barclays Bank on terms negotiated in 2007 and 2010 with repayment due by 2030 and 2029. Neither of these loans is subject to a charge on the assets of the College. The College had closing cash balances and short term deposits totalling £12.484m as at 31 July 2022 and at present does not require, nor has in place, any overdraft facility. The College’s forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

RECOGNITION OF INCOME

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. 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 funding is not subject to reconciliation and is therefore not subject to contract adjustments.

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

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 method as permitted by FRS 102. Other non-governmental, 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.

Other income

Other income 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 payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

ACCOUNTING FOR POST-EMPLOYMENT BENEFITS

Post-employment benefits to employees of the 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.

Croydon 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 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

CROYDON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

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 the Statement of Comprehensive Income.

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.

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

Land and buildings

Freehold land at both campuses is not depreciated as it is considered to have an infinite useful life. The values included in the balance sheet for the Croydon campus are based on a valuation as at 31 July 2015 with a policy to revalue in the future.

Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years. The Croydon campus buildings were revalued in 2013 and it has been decided not to adopt a policy of revaluations of these properties in the future. The Coulsdon campus buildings were valued as at 12th February 2019 at depreciated replacement cost.

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

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

Investment Property

The investment property, which is leased on a long lease to the Brit School, is included in the financial statements at fair value. Formal revaluations are undertaken every 3 years to ensure that its carrying value has not been impaired, and this was last undertaken in November 2021. The Corporation are satisfied that the fair value has not changed materially in the period to 31 July 2022 given the nature of the lease agreement and the occupation of the building by the School.

Equipment

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

CROYDON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

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

Plant	-	10 years
Motor vehicles	-	5 years
Computer equipment	-	4 years
General equipment	-	5 years
Fixtures and fittings	-	5 years

BORROWING COSTS

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

LEASED ASSETS

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

OTHER INVESTMENTS

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in the Statement of Comprehensive Income.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits which have a maturity of less than three months and overdrafts.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. Deposits with a maturity of more than three months are classified as Short Term Deposits.

FINANCIAL LIABILITIES AND EQUITY

All loans, investments and short term deposits held 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 College 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.

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

PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when

- the College has a present legal or constructive obligation as a result of a past event
- it is probable that a transfer of economic benefit will be required to settle the obligation, and

- a reliable estimate can be made of the amount of the obligation.

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

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

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

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.
- Determined the value to the Corporation of the investment property, which was professionally valued in November 2021 under the long lease agreement with Brit School. The building continues to be occupied, rental is paid, and the valuation is not considered to have been impaired during the year.

Other key sources of estimation uncertainty

- *Tangible fixed assets*
Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- *Local Government Pension Scheme*
The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- *Budgets and cashflow forecasts for the coming year*
The Budget set for the following financial year is for a surplus position, and the cash flows for the forthcoming 12 months indicate that the College has sufficient cash reserves throughout the period to meet all of its financial obligations.

CROYDON COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

2 Funding body grants

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Recurrent grants:		
Education and Skills Funding Agency -16 -18	15,755	15,054
Education and Skills Funding Agency – Adult Education Budget	640	672
Greater London Authority – Adult Education Budget	3,964	3,620
Education and Skills Funding Agency – Advanced Learner Loan	125	160
Education and Skills Funding Agency – Non Levy Apprenticeships	353	190
Education and Skills Funding Agency - prior year	(58)	(9)
Office for Students	48	80
Specific grants:		
Greater London Authority – Good Works for All	419	-
Education and Skills Funding Agency - 16-19 Tuition Fund	270	335
Greater London Authority – National Skills Fund	147	19
Education and Skills Funding Agency – Capacity & Development Fund	48	109
Greater London Authority - Adult COVID Response	-	234
Education and Skills Funding Agency - Summer 2020 Free School Meals	-	32
Restructuring Facility Grant	43	(261)
Teachers' Pension Contribution Grant	429	486
Releases of government capital grants	1,484	1,399
Total	23,667	22,120

Income related to students studying Higher Education courses at Level 4 and above is as follows:

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Grant income from the Office for Students (included in Note 2)	48	80
Fee income for taught awards (included in Note 3 below)	957	1,155

CROYDON COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

3 Tuition fees and education contracts

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Apprenticeship fees (incl Levy contracts)	394	412
Fees for FE loan supported courses	862	1,145
Fees for HE loan supported courses	957	1,155
International student fees	98	44
Total tuition fees	2,311	2,756
Education contracts (incl Non Levy Apprenticeship contract)	2,604	2,289
Total	4,915	5,045

4 Other Grants and contracts

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Turing / Erasmus	89	30
Other grant income	43	22
Coronavirus additional funding:		
GLA Emergency Recovery Support	14	39
Mass Testing Funding	-	86
Coronavirus Job Retention Scheme grant	-	18
Total	146	195

5 Other income

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Catering income	337	160
Rental income	321	256
Insurance claim	466	-
Student related income	85	27
Other income	160	115
Total	1,369	558

6 Investment income

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Other interest receivable	44	25
	44	25

CROYDON COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

7 Staff costs

The average number of persons (including key management personnel) employed by the College during the period, described as head count, was:

	Year ended 31 July 2022 No.	Year ended 31 July 2021 No.
Teaching staff	335	284
Non-teaching staff	181	154
	516	438
	Year ended 31 July 2022 £'000 No.	Year ended 31 July 2021 £'000 No.
Staff costs for the above persons:		
Wages and salaries	13,777	12,658
Social security costs	1,302	1,168
Other pension cost (including FRS102 Debit adjustment of £1,844k (2021: £1,201k) Note 19)	4,802	3,965
Payroll sub total	19,881	17,791
Contracted out staffing services	1,025	1,169
	20,906	18,960
Re-organisation costs		
Non Contractual	82	90
Contractual	22	34
	104	124
Total staff costs	21,010	19,084

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team comprising the Principal and CEO, Vice Principals and Principal of Coulsdon College, as noted on Page1.

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

	2022 No.	2021 No.
The number of key management personnel including the Accounting Officer was:	6	6

CROYDON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

The number of key management personnel and other staff with a full time equivalent salary of £60,000 or more who received annual emoluments, excluding employer contributions to national insurance and pension contributions but including benefits in kind and performance related pay, in the following ranges was:

	Key management personnel		Other staff	
	Year ended 31 July 2022 No.	Year ended 31 July 2021 No.	Year ended 31 July 2022 No.	Year ended 31 July 2021 No.
£10,001 to £15,000 p.a.	1	-	-	-
£20,001 to £25,000 p.a.	-	1	-	-
£35,001 to £40,000 p.a.	-	-	2	-
£40,001 to £45,000 p.a.	-	-	-	1
£50,001 to £55,000 p.a.	-	-	1	-
£60,001 to £65,000 p.a.	-	1	5	3
£65,001 to £70,000 p.a.	1	-	2	2
£70,001 to £75,000 p.a.	-	-	2	2
£80,001 to £85,000 p.a.	1	-	-	-
£90,001 to £95,000 p.a.	-	2	-	-
£95,001 to £100,000 p.a.	1	-	-	-
£100,001 to £105,000 p.a.	-	1	-	-
£105,001 to £110,000 p.a.	1	-	-	-
£150,001 to £155,000 p.a.	-	1	-	-
£165,001 to £170,000 p.a.	1	-	-	-
	6	6	12	8

Key management personnel emoluments are made up as follows:

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Salaries	499	517
Performance related pay	31	29
Employer's National Insurance	72	68
Benefit in kind	3	3
	605	617
Pension contributions	127	131
Total emoluments	732	748

There were no amounts due to key management personnel that were waived in the year, not any salary sacrifice arrangement in place. There was no compensation for loss of office for any member of staff earning over £60,000. The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer. This position is held by Caireen Mitchell since 15 April 2018, whose emoluments and comparison to average staff salaries are shown below:

	Year ended 31 July 2022 £	Year ended 31 July 2021 £
Salaries	152,000	152,000
Performance related pay	14,300	7,500
Benefit in kind	1,451	1,276
	167,751	160,776
Pension contributions	42,905	41,151
Total emoluments	210,656	201,927

	Year ended 31 July 2022	Year ended 31 July 2021
Multiple based on basic salary	4.90	5.25
Multiple based on total remuneration (excl benefit in kind)	6.75	6.67

Agency staff have been excluded from the total remuneration because the College does not record amounts paid to agencies for agency staff in a manner which allows the inclusion of individual agency staff in the calculation of pay ratios. In addition, casual staff have been excluded due to the difficulty in assigning a full-time equivalent value to these flexible employees.

The Principal and CEO reports to the Chair of the Corporation, who undertakes an annual review of performance against the College's overall objectives using both qualitative and quantitative measures of performance. The remuneration for the Principal and CEO and the Vice Principal Finance and Resources (who reports to the Principal and CEO) are subject to annual review by the Corporation, who use benchmarking information to provide objective guidance. Performance related pay for the Principal and CEO and the Vice Principal Finance and Resources for achievement of 2020/21 objectives was approved by the Corporation and paid in 2021/22. The Corporation has adopted the AoC's Senior Post Holders Remuneration Code and assesses pay for the Principal and CEO and the Vice Principal Finance and Resources in line with its principles.

The Vice Principal Training, Skills and HE, Vice Principal Education and Quality and the Principal at Coulsdon Sixth Form College report to the Principal and CEO, who undertakes an annual review of performance against the College's overall objectives using both qualitative and quantitative measures of performance. The Principal and CEO also uses benchmarking information (local/national colleges' information) to provide objective guidance. Performance related pay for the Vice Principal Training, Skills and HE, Vice Principal Education and Quality and the Principal at Coulsdon Sixth Form College at the time for achievement of 2020/21 objectives was approved by the Principal and CEO and paid in 2021/22.

8 Other operating expenses

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Teaching costs	1,734	1,704
Non- teaching costs	2,815	2,993
Premises costs	2,741	1,855
Total	7,290	6,552

Other operating expenses include:

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Auditors' remuneration:		
Financial statements audit	32	30
Internal audit	45	43
Other	1	5
Payment to Sub-contractors	233	286
Hire of assets under operating leases	48	38

CROYDON COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

9 Interest payable

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
On bank loans repayable within 5 years, by instalments	237	250
Pension finance costs (notes 15 and 19)	576	465
Total	813	715

10 Tangible fixed assets

	Investment Property £'000	Land £'000	Buildings £'000	Equipment £'000	Total £'000
Cost or Valuation					
At 1 August 2021	5,730	25,216	74,689	13,151	118,786
Increase to valuation	273	-	-	-	273
Donated laptops	-	-	-	21	21
Additions	-	-	327	743	1,070
Disposals	-	-	-	(3,850)	(3,850)
At 31 July 2022	6,003	25,216	75,016	10,065	116,300
Depreciation					
At 1 August 2021	-	-	(10,603)	(11,756)	(22,359)
Charge for the year	-	-	(1,881)	(713)	(2,594)
Disposals	-	-	-	3,850	3,850
At 31 July 2022	-	-	(12,484)	(8,619)	(21,103)
Net book value at 31 July 2022	6,003	25,216	62,532	1,446	95,197
Net book value at 31 July 2021	5,730	25,216	64,086	1,395	96,427

Croydon campus buildings were revalued by GVA Grimley Ltd, international property consultants as at 31 July 2013 and the College has taken the decision not to revalue these in future. Land at the Croydon campus was revalued by GVA Grimley Ltd in July 2015 and will be revalued on an ongoing basis. Coulsdon campus land and buildings were valued by Gerald Eve at depreciated replacement cost as at 12 February 2019. The College considers that there has been no material change in land values for other locations and hence no adjustments have been made to the 31 July 2015 valuation.

The part of the Selhurst site which remains in the Corporation's ownership as an investment property was last formally revalued in November 2021. The Corporation are satisfied that the fair value of the property has not changed materially from November 2021 to 31 July 2022, given the long term nature of the lease agreement and the occupation of the building by the School. If inherited buildings had not been re-valued, they would have been included at the following amounts: Cost £Nil, aggregate depreciation based on cost £Nil, net book value based on cost £Nil.

Land and buildings with a net book value of £57.56m at the Croydon campus and £30.19m at the Coulsdon campus have been partly financed by exchequer funds, through the receipt of capital grant. Should these

CROYDON COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

assets be sold, the College may be liable, under the terms of the agreements with the relevant funding bodies to surrender the proceeds.

The gain on disposal of fixed assets of £85,000 relates to an overage agreement in relation to a freehold property sold in 2014.

11 Debtors

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Amounts falling due within one year:		
Trade receivables	788	713
Other debtors, including grant income from the Greater London Authority	301	34
Prepayments and accrued income	547	836
Amounts owed by the Education and Skills Funding Agency	94	139
Total	1,730	1,722

12 Creditors: amounts falling due within one year

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Bank loans due in one year or less (Note 14)	665	644
Trade creditors	175	329
Payments received in advance	799	902
Other creditors, including grant clawback to the Greater London Authority	661	582
Other taxation and social security	326	310
Accruals and deferred income	1,030	1,048
Holiday pay accruals	623	623
Deferred income – government capital grants	1,498	1,416
Amounts owed to the Education and Skills Funding Agency	865	814
Total	6,642	6,668

13 Creditors: amounts falling due after one year

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Bank loans (Note 14)	5,012	5,677
Deferred income - government capital grants	43,778	44,382
Total	48,790	50,059

CROYDON COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

14 Maturity of debt

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Bank loans are repayable as follows:		
In one year or less	665	644
Between one and two years	685	665
Between two and five years	2,185	2,118
In five years or more	2,142	2,894
Total	5,677	6,321

15 Provisions

	Enhanced Pension Scheme £'000	Other £'000	Total £'000
At 1 August 2021	1,822	54	1,876
Release / (increase) of provision in the year	(143)	18	(125)
Finance cost	30	-	30
Actuarial gain at year end	(189)	-	(189)
At 31 July 2022	1,520	72	1,592

Other provisions mainly relate to potential obligations for restructuring costs and additional Teachers Pension contributions.

The Enhanced Pension Scheme relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with the annual model issued by the Association of Colleges.

16 Capital and other commitments

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Commitments contracted as at 31 July	2,420	134

17 Lease obligations

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Amounts payable as Lessee		
Equipment:		
Not later than one year	48	46
Later than one year and not later than five	109	144
Total	157	190

CROYDON COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

Amounts receivable as Lessor

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

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Land and Buildings:		
Not later than one year	289	256
Later than one year and not later than five	1,157	1,025
Later than five years	2,653	2,606
Total	4,099	3,887

18 Financial Instruments

	Year ended 31 July 2022 £'000	Year ended 31st July 2021 £'000
Financial assets measured at amortised cost		
Prepayments and accrued income	545	836
Other debtors	881	852
Total	1,426	1,688
Financial liabilities measured at amortised cost		
Trade creditors	175	329
Other creditors	406	452
Holiday pay accruals	623	623
Amounts due to ESFA	1,121	945
Accruals	1,030	1,048
Total	3,355	3,397

19 Pension and similar 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 Croydon Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Croydon. Both are multi-employer defined-benefit plans.

Total pension cost for the year	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Teachers' Pension Scheme: contributions paid	1,576	1,482
Local Government Pension Scheme:		
Contributions paid	1,402	1,246
FRS 102 (28) charge	<u>1,844</u>	<u>1,201</u>
Charge to the Statement of Comprehensive Income	3,246	2,447
Enhanced Pension charge to Statement of Comprehensive Income	-	36
Total pension cost for the year within staff costs	<u>4,822</u>	<u>3,965</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2019. There were outstanding contributions due to TPS of £173,866 (2021 £181,012) and LGPS of £146,889 (2021 £133,359) as at 31 July 2022. These amounts 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 and other educational establishments, including colleges. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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

Under the definitions set out in FRS102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return. The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department of Education ('the Department') in April 2019. The valuation reported:

- New employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% of pensionable pay during 2018/19). The Department has agreed to pay a teacher pension employer contribution grant to cover the additional costs for the 2021/22 academic year and up to 31 March 2023;
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions

CROYDON COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion;

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website. <https://www.teacherspensions.co.uk>

The employer pension costs paid to TPS in the year amounted to £1,576,000 (2021: £1,486,000)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Croydon Local Authority. The total contributions made for the year ended 31 July 2022 were £1,761,786 of which employer's contributions totalled £1,402,896 and employees' contributions totalled £358,890. Following the triennial valuation of the scheme in 2019, the employer contribution rate from 1st April 2020 to 31st March 2023 is 25.8%, with no additional lump sum payments. The contribution rates for employees range from 5.5% to 7.5% depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2022 by a qualified independent actuary.

	Year ended 31 July 2022	Year ended 31 July 2021
Pension Increase Rate	2.75%	2.85%
Salary Increase Rate	2.75%	2.85%
Discount Rate for scheme liabilities	3.5%	1.6%
Commutation of pensions to lump sums		
Pre - April 2008 service	50%	50%
Post - April 2008 service	75%	75%

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service. The current mortality assumptions include an allowance for smoothing of recent mortality experience, initial adjustment of 0.25% and long-term rates of 1.5% for males and females. The assumed life expectations at age 65 are:

	Year ended 31 July 2022 years	Year ended 31 July 2021 years
<i>Current Pensioners</i>		
Males	21.9	22.1
Females	24.1	24.3
<i>Future Pensioners*</i>		
Males	22.7	23.0
Females	25.8	26.0

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

CROYDON COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

		Fair Value at 31 July 2022 £'000		Fair Value at 31 July 2021 £'000
Equities	69%	37,851	66%	34,336
Bonds	16%	8,777	20%	10,405
Property	13%	7,132	12%	6,243
Cash	2%	1,097	2%	1,040
Total fair value of plan assets		54,857		52,024
Actual return on plan assets (1 July - 30 June)		1%		17.6%
Total returns (1 August 2021 - 31 July)		5.3%		19.7%
Long term discount rate		3.5%		1.6%

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

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Fair value of plan assets	54,857	52,024
Present value of plan liabilities	(62,848)	(85,210)
Present value of unfunded liabilities	(86)	(107)
Net pensions liability	(8,077)	(33,293)

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

Amount included in staff costs

Current service cost	3,252	2,447
Past service cost	-	-
Total	3,252	2,447

Amount included in interest payable:

Net interest cost	546	465
	546	465

Amount recognised in other comprehensive income

Return on pension plan assets	1,945	7,943
Experience (gain)/ loss arising on defined benefit obligations	(189)	1,182
Changes in assumptions underlying the present value of plan	25,850	(8,073)
Total	27,606	1,052

CROYDON COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

	Year ended 31 July 2022	Year ended 31 July 2021
Movement in net defined benefit liability during year:	£'000	£'000
Net defined benefit liability in scheme at 1 August	(33,293)	(32,679)
Movement in year:		
Current service cost	(3,252)	(2,447)
Employer contributions	1,408	1,246
Past service cost	-	-
Net interest on the defined liability	(546)	(465)
Actuarial gain	27,606	1,052
Net defined benefit liability at 31 July	(8,077)	(33,293)
Changes in the present value of defined benefit obligations:		
Defined benefit obligations as at 1 August	85,317	76,222
Current service cost	3,252	2,447
Interest cost	1,379	1,074
Contributions by Scheme participants	359	315
Benefits paid	(1,712)	(1,632)
Changes in financial assumptions	(25,537)	7,063
Changes in demographic assumptions	(313)	1,010
Past service cost	-	-
Other experience gain / (loss)	189	(1,182)
Defined benefit obligations at 31 July	62,934	85,317
Changes in fair value of plan assets:		
Fair value of plan assets at 1st August	52,024	43,543
Interest on plan assets	832	609
Return on plan assets	1,945	7,943
Employer contributions	1,403	1,246
Contributions by Scheme participants	365	315
Estimated benefits paid	(1,712)	(1,632)
Fair value of plan assets at 31 July	54,857	52,024

The net defined benefit liability as at 31 July 2020 included an obligation of £25k for full GMP indexation in public pension services schemes and also a cost of past service cost of £18k in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. These allowances have been simply rolled forward and are included within the closing position as at 31 July 2022. These provisions total just over 0.9757% of the total scheme liability as at 31 July 2022. The calculation of adjustment to past service costs, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption.

20 Related party transactions

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

Mr Niral Patel joined as a Governor in October 2021 and his spouse has been remunerated as an employee of the College since merger in February 2019, which predated his appointment.

The total expenses paid on behalf of the Governors during the year was £nil (2021: £nil)

21 Amount disbursed as agent

	As at 31 July 2022 £'000	As at 31 July 2021 £'000
Balance brought forward	40	72
EFA funding body grants –16-18 bursary support	267	294
	<u>307</u>	<u>366</u>
Disbursed to students	(271)	(311)
Administration cost	(13)	(15)
Balance unspent as at 31 July, included in creditors	<u>23</u>	<u>40</u>

22 Events after the reporting period

On 29th November 2022, the Office for National Statistics reclassified all college corporations to Central Government sector with immediate effect. This will mean that colleges will now be subject to the framework for financial management set out in Managing Public Money (MPM) and the Department for Education will introduce new rules for colleges, some of which will take effect immediately.

23 Contingency Liabilities

The College has no contingent liabilities (2021: £0)