



# **Bath College**

## **Annual Report and Financial Statements** **Year ended 31 July 2024**

# Bath College

## Contents

Reference and administrative details	3
Strategic Report	4
Statement of Corporate Governance and Internal Control	21
Statement of Regularity, Propriety and Compliance	31
Statement of Responsibilities of the Members of the Corporation	32
Independent Auditor's Report on the Financial Statements	34
Independent Reporting Accountant's Report on Regularity	39
Statement of Comprehensive Income and Expenditure	41
Statement of Changes in Reserves	42
Balance Sheet	43
Statement of Cash Flows	44
Notes to the Financial Statements	45

# Bath College

## Reference and Administrative Details

### Board of Governors

A full list of Governors is given on pages 22 to 24 of these accounts.

### Clerk/Company Secretary

Emma Roberts, Head of Governance (Director of Corporate Governance from 29 January 2024), acted as Clerk.

### Senior postholders

Jayne Davis – Principal & CEO, and Accounting Officer to 20 February 2024

Martin Sim – Interim Principal & CEO, and Accounting Officer from 4 April 2024

Richard Harris – Director of Operations from 22 January 2024 (Chief Operating Officer from 12 June 2024) and Interim Accounting Officer from 21 February 2024 to 3 April 2024

Kate Hobbs – Deputy Principal to 16 February 2024

Sue Martin – Interim Deputy Principal from 24 January 2024

Paul Fletton – Interim Director of Finance to 19 October 2023

Emma Roberts – Director of Corporate Governance from 29 January 2024

### Principal and Registered Office

Bath College  
Avon Street,  
Bath, BA1 1UP

### Professional advisors

Internal auditors	RSM UK Risk Assurance Services LLP from 1 September 2023
External auditors	Bishop Fleming LLP
Solicitors	Shakespeare Martineau LLP
Bankers	Barclays Bank PLC

# Bath College

## Strategic report – Report of the Governing Body

The governing body present their annual report together with the financial statements and auditor's report for Bath College for the year ended 31 July 2024.

### Legal status

The corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Bath College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011. The College has no subsidiary companies.

### Our Mission, Vision and Values

**Mission:** To provide high-quality education and training opportunities that empower individuals to reach their full potential and contribute positively to society.

**Vision:** To be a leading provider of education and training in the Bath and North East Somerset, known for our commitment to excellence, innovation, and inclusivity. We aim to inspire a lifelong love of learning and create a supportive and inclusive community that values diversity and promotes personal and professional growth.

**Values:**

- **Excellence:** Striving for high standards of quality in all aspects of education and training.
- **Inclusivity:** Embracing diversity and creating a welcoming and supportive environment for all learners and staff.
- **Innovation:** Encouraging creativity, curiosity, and a willingness to explore new ideas and approaches.
- **Integrity:** Acting with honesty, fairness, and transparency in all interactions and decisions.
- **Collaboration:** Promoting teamwork, communication, and partnership working to achieve common goals.

### Our Purpose

The purpose of the College is to provide accessible and high-quality education and training opportunities to individuals in the Bath and North East Somerset region. By offering a diverse range of courses and programs, the College aims to empower learners to develop their skills, knowledge, and confidence, enabling them to achieve their personal and professional goals in line with the local skills agenda. The College also plays a vital role in supporting the local community by promoting lifelong learning, facilitating innovation, and contributing to the social and economic development of the region. Through its commitment to excellence, inclusivity, and learner success, Bath College strive to create a supportive and enriching learning environment that prepares individuals for successful and fulfilling futures.



## **Strategy and Objectives**

The College's Strategic Plan outlines our intentions to meet local, national and regional needs of our learners and communities, and our priorities are set under six pillars as shown below.

### **Continue to raise learner success and achievement.**

- Establish clear expectations of both learners and staff
- Drive improvements in attendance and punctuality
- Increase learner retention rates by implementing targeted support services and interventions
- Improve learner outcomes through enriched academic support and resources
- Expand career development opportunities and pathways for learners
- Create practical and welcoming learner social and work spaces

### **Create and sustain a culture of innovation and excellence, underpinned by learner and staff wellbeing.**

- Embed agreed behaviours and values into the foundation of the college
- Parity of resources and investment across both College campuses
- Promote a culture of continuous improvement and innovation in teaching and learning
- Encourage Department and staff professional development and growth opportunities
- Improve the College's reputation for academic and vocational excellence and innovation
- Use Professional Development Reviews to seed training opportunities

### **Strengthen community partnerships and engagement.**

- Develop and maintain strong partnerships with local businesses, organisations, and community leaders
- Increase community engagement through outreach programmes, events, and collaborations
- Increase the College's role as a valuable resource and partner within the community
- Develop and optimise communication links between staff groups especially relating to the skills agenda
- Ensure financial resilience, sustainability and operational efficiency
- Implement cost-saving measures and efficiency improvements to ensure financial stability
- Increase revenue streams through diversified funding sources and partnerships
- Improve operational efficiency and effectiveness through streamlined processes and systems

### **Promote diversity, equity, and inclusion.**

- Nurture a diverse and inclusive campus environment that values and celebrates all individuals
- Implement initiatives and programmes to promote equity and access for all learners
- Create a welcoming and inclusive campus culture that promotes respect, understanding, and acceptance.

### **To integrate sustainability principles and practices across all aspects of the College's operations, curriculum, and culture.**

- Define and implement an estates strategy
- Develop a sustainability policy that outlines the College's commitment to sustainability and sets clear goals and targets for reducing environmental impact.
- Implement sustainability initiatives that focus on energy efficiency, waste reduction, water conservation, and sustainable transportation.
- Integrate sustainability education into the curriculum to ensure that learners graduate with a strong understanding of environmental issues and are equipped to make sustainable choices in their personal and professional lives.
- Engage with the local community and industry partners to promote sustainability and collaborate on initiatives that benefit the environment and the wider community.
- Monitor and evaluate progress towards sustainability goals, and regularly report on achievements and areas for improvement to stakeholders.

### **Resources**

The College employs 465 people, of whom 200 are teaching staff. The College has £12.4 million (2023: £12.9 million) of net assets including £2.6 million pension liability (2023: liability of £3.0 million) and long-term debt of £2.3 million (2023: £nil due to the reclassification of loans due to a technical breach of bank covenant). Tangible resources include the following campuses and leased buildings:

- City Campus
- Somer Valley Campus
- Twerton Learning Centre.

### **Stakeholders**

The College has many stakeholders all of whom are crucial to the success of the College. These include:

Our current, future and past students.

Our staff and their trade unions including the University and College Union, National Education Union and Unison. The College meets regularly with Union colleagues through formal and informal meetings to engage in constructive dialogue on a range of issues.

The employers we work with. The College has reviewed and refreshed its mechanisms for employer engagement under the direction of the Business Development Team. Employer Boards, events, surveys and consultation takes place to ensure that the views of the employer community are integrated into the College's Accountability Agreements and work to embed these.

Local Universities and Schools. The College collaborates with the University of Bath, University of Gloucester and Bath Spa University in the provision of education and through innovative partnerships such as FWD and Bootcamp delivery, offering learners a seamless pathway through education and a range of opportunities locally.

The local council, combined authority and Local Enterprise Partnership. The College works with Bath and North East Somerset (B&NES) Council, the West of England Combined Authority (WECA), and our Local Enterprise Partnership in a range of ways, working to ensure that funding received from these organisations is used to deliver high quality technical education and skills training aligned with local needs.

Other anchor institutions across the City region including major employers such as the Royal United Hospitals Bath NHS Foundation Trust, as well as representative organisations including Business West and the Bath Chamber of Commerce, with whom we engage to support skills development and sustainable economic growth for our communities.

### **Public Benefit**

Bath College is an exempt charity under 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 22-24. 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 identifiable public benefits through the advancement of education and the delivery of apprenticeships and skills training to individuals and businesses in the county and region.

The College employs approximately 465 staff and educates over 8,000 students per academic year across a wide range of provisions, with approximately 2,000 full-time learners, including those with higher needs for support, a diverse range of community provision, and approximately 800 apprentices.

Bath College is the only further education college in Bath & North East Somerset (B&NES). B&NES has 193,400 residents (2021) having grown 9.9% since 2011, largely influenced by the number of university students, which is also reflected in the high proportion of the population with qualifications at NVQ Level 4 and above.

Despite pockets of wealth, LSOAs (Lower layer Super Output Areas – statistical groupings of between 400 and 1,200 households) in Bath and North East Somerset are in the most deprived 20% of the country and have a larger than average NEETs (people who are Not in Employment,

Education or Training) rate, with two areas in particular that are in the top 10% nationally (Twerton and Whiteway).

In delivering our strategy, we recognise the complexity and diversity of the many communities we serve and are conscious of the role we play in supporting the region's economic regeneration.

### **Performance in year**

2023/24 was a year of significant change for Bath College, with a refocus of priorities in the face of new demands, building on existing strengths and a programme of continuing improvement as part of a strategic re-set of the organisation.

Early in the year there were signs of a reduction in financial performance and in quality of education and training, with an October 2023 Ofsted inspection judging the College as 'Requires Improvement'.

In addressing the emerging concerns a new senior leadership team was recruited, with the permanent roles of Chief Operating Officer and Director of Governance commencing in January 2024, followed by the Interim Deputy Principal and the appointment of the Interim Principal and Chief Executive Officer, Martin Sim, in April 2024.

The leadership team has focused the College's efforts on a swift securing of financial sustainability, with an improved performance evident in the second half of the year, and on other areas including a programme of cultural change, a more precise response to meeting local, regional and national skills needs, and lasting improvements in education and training and the quality of the learner experience.

The Board has commenced the recruitment of a new substantive Principal and CEO and Deputy Principal and approved the appointment of an Interim Chair of Bath College with effect from October 2024 for a period of three months in the first instance. Substantive Chair recruitment will commence in 2025 once the Principal has been appointed.

The College has sought to reset and has undertaken a strategic planning exercise to return to core principles, in so doing to create a solid and sustainable foundation on which to build outstanding teaching and learning and place itself firmly at the heart of its local community and business.

Within the context of these changes the College's prime focus continues to be the learner experience, and students have continued to achieve during 2023/24, with 6,976 enrolled starts in year. The College's student population included 2,043 16-to-18-year-old learners, 762 apprentices, 217 higher education students, 60 international students and 3,894 adult learners. This compares with 6,782 students in 2022/23. These comprised 1,941 16-to-18-year-old students, 647 apprentices in learning, 190 higher education students, 57 international students and 3,947 adult learners.

Overall achievement in 2023/24 saw a slight decrease when compared to the previous year, with 73% of learners in Education and Training set to achieve their qualifications (-1% on 2022/23). The achievement rate for Education Programmes for Young People without English and Maths is on track for 83% compared to 84% in 2022-23. For apprentices the overall achievement rate looks set to decrease to below 50% compared to 54% in 2022-23. Learners who are 19+ are set to achieve at a rate of 76%, and learners studying on High Needs provision

Bath College 2023-24

due to achieve at 93% when English and Maths enrolments are excluded. The achievement rate for the College's Higher Education courses is set to be 88.4% compared to 83.5% in 2022/23.

## **Financial Review**

The College generated a deficit before other gains and losses in the year of £0.7 million (2022/23: £2.3 million deficit), with Total Comprehensive Deficit of £0.5 million (2022/23: £3.6 million Surplus).

Total Comprehensive Income in 2023/24 is stated after accounting for an actuarial surplus relating to the Local Government Pension Scheme of £0.2 million (2022/23 surplus of £5.7 million). The College has accumulated reserves of £12.4 million (2022/23 £12.9 million). The College had a cash balance of £3.8 million at 31 July 2024 (31 July 2023: £5.1 million).

Non-current asset additions during the year amounted to £1.7 million.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2023/24 education funding bodies provided 80% of the College's total income, with 53% coming from the Education and Skills Funding Agency for 16-18 provision.

## **Financial performance**

Financial performance in 2023/24, though still falling behind the budgeted position set by the College, improved significantly from the previous year, with emerging signs that those improvements will continue into 2024/25.

For the 2023/24 year the College secured a breakeven (£0.0million) EBITDA (Earnings Before Interest Tax Depreciation and Amortisation) despite posting an overall deficit of £0.7 million (reduced from 2022/23's deficit of £2.3 million). Year-end cash balances were £3.8 million with available cash days through 2023/24 remaining well above the ESFA benchmark of 25.

During 2023/24 the College focussed on controlling expenditure whilst growing EBITDA where possible. Operating income excluding bank interest and deferred capital grants grew from £21.5 million in the previous year to £24.4 million for 2023/24, largely as a result in increased ESFA funding for 16-18 year old study programmes, as well as growth in Element 3 funding from local authorities and commercial income. Expenditure also increased year on year however, with pay costs rising to £16.1 million (2022/23: £15.2 million) and non-pay costs rising to £8.1 million (2022/23: £7.6 million).

This gives a full year position, as a percentage of total turnover of circa 66% / 33% / 0% (for pay / non-pay / EBITDA) whereas a more typical sector average pattern would be 66% / 29% / 5%.

Whilst these headline results show an improved performance year-on-year, the College recognises there is further work to be done in order to secure financial sustainability and

success, with a self-assessment of Financial Health as 'Requires Improvement' for 2023/24. Further KPIs are shown at pages 15 - 16.

### **Cash and covenant compliance**

The College cash balance as at 31 July 2024 is £3.8 million, representing cash days of 56 (compared to the ESFA benchmark of at least 25 days). This is a healthy balance for the size of the College and, with a positive operating cashflow budgeted for 2024/25, will help ensure financial sustainability. The cash balance should also be noted in the context of the College's borrowings (a fixed rate loan with Barclays) and the associated banking covenants.

The loan, which is repayable in April 2026, has a 31 July 2024 outstanding amount of £2.3 million. Within the original terms of the agreement, the College was obliged to meet the terms of the two covenants: available cash flow must be greater than 100% of Debt Servicing Costs (DSC), and; borrowings to Adjusted Operating surplus must be less than a 3 to 1 ratio. If either of these terms were not met, then the College would be deemed to be in breach of covenant and the bank would have the right to demand immediate repayment of the entire amount of the loan.

For year end 2022/23 the College was technically in breach of covenant. This was caused by a low EBITDA for the year coupled with the inclusion in the DSC covenant test of capital grants given in year and capital expenditure in year. This calculation methodology gave rise to a distorted cashflow when capital grant was received in one year but not used until the next (a mismatch in terms of timing giving rise to a negative impact on cash available in year).

The bank recognised the technical nature of the breach and has been supportive of the longer term financial improvement taking place in the College, and has issued a formal waiver of covenant (a legal agreement to forego the right to demand immediate repayment) for 31 July 2023, and agreed that there is no testing of the covenant as at the 'standard' date of 31 July 2024. This means that the College is not in breach, and therefore compliant, for 2023/24. Full details of borrowings are given in Note 16 to the accounts on page 59.

### **Future financial prospects**

The bank has also agreed to re-set the covenant with more appropriate terms for 2024/25 onwards; a positive indication of support in keeping with the incremental improvements in the College's financial position. A robust budget which is targeted at ESFA Financial Health 'Good' for 2024/25, together with strong learner recruitment in September 2024, has provided a robust platform for future financial sustainability.

The College is aware of the work that needs to be done to further strengthen this position and certain key risks remain: these will be monitored and managed by the leadership of the College, with mitigations implemented where necessary.

The College's Financial Strategy, which is being drafted in support of our overall Strategic Plan, will focus on securing future financial health and sustainable growth in order that we can continue to invest in our students and our staff, and best serve the needs of learners, employers and stakeholders in the region.



## **Treasury policies and objectives**

The College has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. The College has a separate treasury 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 and shall comply with the requirements of the Financial Memorandum agreed with the Education and Skills Funding Agency.

## **Cash Flow and Liquidity**

The net cash outflow of £1.4 million (2022/23: £1.2 million inflow) mainly reflects expenditure of capital grants received in previous years that were spent during the year.

## **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 currently has no restricted reserves. As at the balance sheet date the Income and Expenditure reserve stands at £8.6 million (2023: £9.0 million). It is the Governing body's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

## **Future Prospects**

During 2023/24 the College underwent a number of significant changes in order to re-set and best position itself for the challenges and opportunities that will be faced over the next few years. In October 2023 an Ofsted Inspection, whilst highlighting some areas of good practice, resulted in an overall judgement of 'Requires Improvement'. In line with the themes noted in the report the College has focussed on progressing improvements in key curriculum areas and has refocussed its approach to meeting local, regional and national skills needs (with more details provided below).

2023/24 also saw a new Executive team at the College, under the leadership of Martin Sim as Interim Principal and Chief Executive Officer (with further details of the leadership team disclosed on page 3). Martin joined the College in April 2024 and his interim period is expected to last until Spring 2025 when a new permanent Principal and CEO will be in place to continue the improvement process that is already underway. The new leadership team's priorities are on raising achievements, improving quality across all areas of curriculum, and sustaining the College's strengthening financial position. With the 're-set' of the College already showing signs of positive impact in 2023/24, prospects for the future are strong.

The view of Bath as an improving college was further confirmed by the Ofsted monitoring visit in November 2024. There were five themes being reviewed, each with a possible judgement of 'insufficient', 'reasonable' and 'significant progress'. The College was pleased to receive a judgement of 'reasonable progress' across all five judgement areas, with 'reasonable progress' defined as: "the provider's actions are already having a beneficial impact on learners, and improvements are sustainable and are based on the provider's thorough quality assurance procedures".

## **Future developments: 2024/25 and beyond**

Our accountability statement outlines our approach to becoming a career led College, with an employer co-designed curriculum that creates skills routes for the locality/region. As part of our approach, we use labour market intelligence trends to select subjects and industries of focus and to develop our objectives in meeting local skills need, as well as regional business demands and LEP priorities. These include expert tools such as the West of England LOCAL Skills Improvement Plan, the Unit for future Skills, ONS, comparative achievement data relating to educational impact and strategic partnerships.

In developing our plans, the College has worked with several strategic partners as follows:

- West of England Institute of Technology (WEIoT): a collaborative education partnership between colleges, a university and anchor employers.
- Bath Spa University (BSU): In response to national, regional and local employer needs, in relation to Health & Social Care.
- FWD (Forward): A collaborative partnership between Bath & North East Somerset Council, Bath College, Bath Spa University and University of Bath with a focus on Health, Digital, Creative and Green skills.
- Youth Connect: To help meet the needs of the communities to deliver alternative provision to young people who are NEET or pre-NEET.
- Bath & North East Somerset Council: Including discussions on developing a SEND residential facility on the Somer Valley Campus to help meet the needs of learners who often need to travel out of county for provision or who are unable to live independently.

This strategic engagement is supported through employer groups/boards: the College has a strong employer base and carries out sector-based employer boards to gain input and where possible co-design of curriculum with employers. These interactions include the planning of specialist and generic curriculum.

## **Meeting National, Regional and Local needs**

Our strategic commitment to create and deliver a dynamic, flexible, and influential curriculum, has already led to a complete review of our curriculum and its alignment with wider national and regional priorities.

The College has been an early adopter and rapid responder as part of our commitment, and we have invested heavily to ensure our facilities and teams are equipped to meet dual professionalism expectations.

We have adapted our provision to address needs where gaps were identified as part of the LSIP and this is illustrated through our range of bootcamps aimed at upskilling and reskilling our adults in subjects such as environmental technologies for plumbers, electric charging point installation, retrofit for construction and Buildings Information Management (BIM) and Computer Aided Design (CAD) courses.

We have identified key areas of local need such as those related to the hospitality sector which are not highlighted as a national priority yet have significant importance to our region. For example, the Tourism, Culture and Hospitality sector employs approximately three million



people, equating to circa £66 billion in Gross Value Added nationally. Within this sector there are certain skilled trades (e.g. chefs), where vacancies are harder to fill because the skills are hard to find. In the West of England, Tourism accounted for 4% of sub-regional Gross Value Added in 2018 and has a higher job growth rate in the region than nationally (expected to gain 12,300 jobs, at an annual rate of growth of 1.4% through to 2036) requiring us to ensure this is part of our curriculum.

We have also learnt through our 2023 Ofsted inspection that there is more work to do in 2024/25 and beyond, and we have strengthened our employer engagement through a range of employer boards. We are committed through our employer engagement strategy to develop these further, for greater input into our curriculum and to improve the quality of our provision.

We have identified three key areas of development with this aim:

1. Implement an annual curriculum planning cycle that considers Local Market Intelligence alongside our six strategic objectives, with feedback directly from employers.
2. Enhance and develop opportunities for knowledge exchange with employers through a range of activities in curriculum and the workplace.
3. Strategically align our senior executives to champion and challenge performance against relevant objectives in relation to our curriculum and quality.

### **Principal Risks and Uncertainties**

The College has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

A risk register is maintained at the College level which is reviewed regularly by the Audit Committee with Strategic Risks reviewed by the Board of Corporation. The register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate. Risks are prioritised using a consistent scoring system.

Those risks identified as the highest concern are outlined below, together with the controls and mitigations that the College has put in place, and the sources of assurance available for monitoring and managing. Not all risk factors are within the College's control, and other factors besides those listed below may also adversely affect the College.

### **Quality of education**

- Risk: We cannot improve quality, resulting in an unfavourable Ofsted monitoring visit, damaging the College's reputation and future prospects, and/or the College is unable to participate in partnerships due to its Ofsted grade and/or quality (or perceived quality) of provision.

This risk remains a key area of focus for the College, following the 2023 Ofsted inspection.

- Controls and mitigations: Development of curriculum plans in line with learner strategy with key actions for the short, medium and long term; and achievable growth targets owned by staff and shared throughout the organisation. College Improvement Plan key tool to focus on improvement and trajectory.

- Assurance: Senior Leadership Team Reports, Board and Committee Reports, monitoring of Achievement Rates and Predicted Achievement Rates, Quality Dashboard, Attendance and Retention data.

### **Financial sustainability**

- Risk: Cashflow is insufficient to class the College as a Going Concern, leading to potential insolvency, and/or the College is assessed as 'Inadequate' for Financial Health and/or enters Intervention, and/or the College breaches its banking covenants.

This risk is decreasing given the improved financial performance in the second half of 2023/24, the positive engagement with the bank (including a formal waiver), and the fully costed 2024/25 budget which shows a strengthening position with a projected Financial Health rating of 'Good'.

- Controls and mitigations: Monitoring of Year to date actuals and forecasts through College Financial Record. Management of cashflow. Delivery of savings in plan. Ongoing modelling and review of covenant compliance in the monthly management accounts. Rolling cashflow forecast in place. Maintaining strong cash balances.

- Assurance: Monthly management accounts reporting shared with Senior Leadership Team and others. Reports to Finance and Resources Committee (and for information to Audit Committee). Management reports to Governors at each Board meeting.

### **People and culture**

- Risk: If we are unable to invest sufficient human resource and motivation behind the programme, the College will not be able to reap the benefits of the full potential of the programme.

This risk is increasing given the overall difficulties the sector is facing in terms of recruitment against the backdrop of underfunding of FE and the subsequent inability to offer reward packages that compare favourably with schools and other employers.

- Controls and mitigations: Regular meetings with managers and/or staff in areas of peak activity to monitor progress, review priorities and identify if support is needed. Introduction of an improved internal staff development programme, focused on skills and higher-level qualifications. Recruitment activity will ensure that the most qualified people can be attracted. Where gaps are in existent, CPD programmes will be put into place to ensure that there is confidence and training prioritised to ensure speedy roll out of new approaches. The 2024 pay award, whilst remaining affordable within budget, will focus on a fair settlement with recruitment and retention of staff as a key priority.

- Assurance: PDR/performance review processes, quality dashboard. Reports to SLT and Finance and Resources Committee. People and Culture Strategy and associated reporting against KPIs.

### **IT and cyber**

- Risk: Failure of IT safeguards and security, or lack of investment in IT infrastructure, leads to an environment which is not fit for purpose for learners or staff, and/or the College is not compliant with or breaches regulations, leading to financial and reputational damage.

This risk is noted in the context of significant investment in IT and associated infrastructure over a three year period from 2024/25 as part of the College's IT and Digital Strategy.

- Controls and mitigations: Data consultant review of priority areas. Review of IT and Digital Strategy. Enhanced IT security introduced (firewalls, multi factor authentication). Investment in Wireless scoped for implementation 2024/25. Achievement of Cyber Essentials planned for 2024/25. Carrying out external specialist reviews and thorough penetration testing Taking appropriate specialist insurance cover where possible and appropriate

- Assurance: Exception reporting to SLT and Committees. IT Investment Programme scoped and costed as part of 2024/25 budget. November F&R Committee to consider IT Strategy and Plan.

### **Estate and learning facilities**

- Risk: Deterioration in the College Estate and an inability to invest in facilities or equipment leads to material adverse impact on learners.

This risk is noted in the context of the current revisit and refresh of the College's Estates Strategy and our accompanying implementation plan for 2024/25.

- Controls and mitigations: Capital and maintenance programmes considered each year as part of Curriculum Planning and budgeting process. Working proactively in partnership to refresh its estate through differentiated funding opportunities. Closely monitoring the estate using specialist contractors as necessary.

- Assurance: Project reporting to SLT. Capital spend reporting through Management Accounts.

## Key Performance Indicators

The College's key performance indicators, targets and results are set out below.

Key Performance Indicator	Measure / Target	Actual for 2023/24
Ofsted Grading	Good	Requires Improvement
Education Specific EBITDA	£851k	(£42k)
% of Education Specific EBITDA	3.6%	(0.2%)
Cash Days	58	56
Adjusted current Ratio	1.43: 1	0.89:1
Net Cash Reserves	£3,569k	£3,753k
Staff Costs as % of Income (exc FRS102)	65.9%	65.5%
Bank Loan Covenants	Compliance	Compliance
ESFA Financial Health Grade	Good	Requires Improvement

## Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payments within 30 days. The target set by the Treasury for payment of suppliers within 30 days is 95 per cent. The College's payment policy complies with this requirement. The College incurred no interest charges in respect of late payment for this period.

## Streamlined Energy and Carbon Reporting

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

- Set up a Sustainability Action Group to monitor practice and implementation of the College Strategy
- The College is part of the Student Community Partnership Green Group,
- Implemented the AoC Sustainability Roadmap
- Replacement of heating systems and upgrading of lighting ongoing projects
- Installation of mains fed water coolers to reduce plastics
- Reduction in the use of single use plastics within the catering department
- Introduction of food waste collection to meet the Environmental Act 2021 (Food Waste Regulations)
- Introduction of improved waste streams, including card baling
- Completed a CPD training exercise to ensure that we have Carbon Literacy Trained staff who can train others, with a view to continual behaviour change regarding carbon literacy, sustainability, and green awareness.
- Embedded a Carbon Awareness Course into the Personal Development Curriculum for all learners and apprentices to ensure all have foundational knowledge on their carbon footprint.
- Completed staff training activities across building services and construction to ensure staff are ready to deliver and adapt their curriculum to modern and green methods.
- Forging new relationships with key regional stakeholders to develop green curriculum and align our adult skills offerings to the green careers in the region.

The College's energy use for the period 2023/24 was:

UK Greenhouse gas emissions and energy use data for the period	2023 -2024
Scope 1 emissions in metric tonnes CO <sub>2</sub> e	
Gas consumption	2,154,609 kWh
Owned transport	
Scope 2 emissions in metric tonnes CO <sub>2</sub> e	
Purchased electricity	1,505,221 kWh

### Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the College. The following data is for the period April 2023 to March 2024 as reported to the government in July 2024.

Numbers of employees during relevant period	FTE employee number
499	371
Percentage of Time	Number of employees
1-50%	13
51-99%	0
100%	0
Total Cost of Facility Time	£34,221
Total Pay Bill	£15,576,768
Percentage spent on trade union activities	0.22%
Time spent on paid trade union activities	0 hours
Time spent on paid facility time	924 hours

### Equity, Diversity & Inclusion

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, sex, gender reassignment, sexual orientation, disability, religion/belief, pregnancy/maternity, marriage/civil partnerships and age. We aim to create and maintain an inclusive organisation where all can work, learn and reach their full potential. This policy is reviewed and monitored on a planned basis.

The College's Equity Policy is published on the College's website.

The College assesses the impact of proposed changes to practices and policies to ensure consideration is given to actions to help to avoid or mitigate any negative impacts on particular protected groups that might arise as a result of the proposed changes.

The College provides a mandatory equality, diversity and inclusion training programme for all staff. Refresher training for existing staff is carried out on an on-going basis and all new staff receive training as part of their onboarding process.

### Disability statement

The College is a 'Disability Confident Committed' employer and has committed to the principles and objectives of the Disability Confident standard. The College considers all employment applications from disabled people and guarantees an interview to disabled applicants who meet the essential criteria for the role.

Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide role-based training for all staff, and, wherever possible, to offer all staff the opportunity for career development and promotion.

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

- There is a range of assistive technology including hardware and software available to learners and staff to support them.
- The Inclusion Team offers ongoing support for Learners, both in class and out. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

The College served the needs of the following students in 2023/24 and 2022/23

Types of learners	2022- 2023	2023 - 2024
Looked After Children	19	34
Care leaver	30	53
Free meals	143	191
EHCPs	338	402
Learning difficulties /dyslexia/dyscalculia	2235	2188

### Gender pay gap reporting

Gender pay gap reporting requires employers with 250 or more employees to publish statutory calculations every year showing the pay gap between male and female employees.

Reporting requirement	Year ending 31 March 2024
Mean gender pay gap	10.08%
Median gender pay gap	16.3%
Mean bonus gender pay gap	0%
Median gender bonus gap	0%
Proportion of males/females receiving a bonus	0%/0%

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

Quartile	Males	Females
1 - Lower quartile	29.7%	70.3%
2 – Lower middle	33.0%	67.0%
3 – Upper middle	45.8%	54.2%
4 – Upper quartile	50.0%	50.0%

The College publishes its annual gender pay gap report on its website.

### Ethnic pay gap reporting

Bath College 2023-24



The College does not collect and publish an ethnic pay gap report presently but is committed to doing so in future years as part of its commitment to tackle pay disparities.

### **Going Concern**

At the meeting of the Governing body on 11 December 2024, members confirmed that the adoption of the going concern assumption is appropriate for the following reasons:

Whilst the College's financial position at the year end was a deficit of £0.6 million, the cash position at bank was strong. Cashflow forecasts for 2024/25 are predicted to be strong, resulting in a small surplus position. The College has strengthened its financial position over the second half of 2023/24 and has set a 2024/25 budget to deliver an ESFA Financial Health rating of 'Good'.

The College currently has £2.5million of loans outstanding with its bank on terms as disclosed in note 16. A bank covenant was breached in 2022/23 indicating the possibility that the bank could require the loan to be settled. The bank has been supportive of the College and its improving financial position and a formal Letter of Waiver in respect of the breach was issued in 2023/24. At the same time the bank agreed there would be no testing of covenants for the year ending 31 July 2024, with renewed and refreshed covenants in place for 2024/25 onwards.

The College's forecasts and financial projections indicate that it will be able to operate within these existing facilities and existing 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 at least the next twelve months from the date of signing the balance sheet. For this reason it is appropriate to continue to adopt the going concern basis in the preparation of these financial statements.

### **Events after the reporting period**

A long running dispute which had resulted in legal proceedings being issued against Bath College was resolved in September 2024 and the proceedings are now concluded.

### **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 Governing body on 11 December 2024 and signed on its behalf by:

  
.....

Sandra Prail MBE, MBA, LLB

Chair



# Bath College

## Statement of Corporate Governance & Internal Control

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

### Governance Code

The College endeavours to conduct its business:

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

The College assessed its compliance with the Code as part of the review of external governance and put in place actions to remedy any areas which fell short of full compliance. This opinion is based on an external review of compliance with the Code/Governance Evaluation reported to the board in October 2023. The review recommended areas of improvement which the Corporation implemented as part of a prioritised implementation plan with Governance Committee overseeing trajectory for improvement at each meeting of the Committee. This external review was undertaken by Stone King LLP.

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 2023, which it has formally adopted.

Furthermore, based on the advice of the Audit Committee and the Principal & CEO, the Governing Body 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”.

### The Corporation

#### Members of 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 on pages 22 - 24.

Name	Appointment date	Term of office	Resignation date	Appointment status	Committee/ Groups served	Attendance
Jayne Davis	Sep 2021	Ex-officio	20 Feb 2024	Principal & CEO	Governance & Search, Finance & Resources, Curriculum & Quality	83%
Martin Sim	Apr 2024	Ex-officio		Interim Principal & CEO	Governance & Search, Finance & Resources, Curriculum & Quality	100%
Andy Salmon	Apr 2021	4 years	1 Oct 2024	External	Chair of the Corporation Governance & Search, Remuneration, Curriculum & Quality	83%
Sandra Prail	Oct 2024	NA		External	Interim Chair of the Corporation	100%
Neil Wilson	Feb 2016 and re-appointed 2020	4 years (2nd term)	31 Dec 2023	External	Joint Vice Chair of Corporation (from 1 Nov 2021) Chair of Audit	100%
Mike Oram	Jun 2018 and re-appointed Jul 2022	4 years		External	Chair Curriculum & Quality (from Mar 2024 to Oct 2024)	67%
Ian Tavener	Feb 2020	4 years	29 Feb 2024	External	Finance & Resources	100%
Lisa Ford	Oct 2020	4 years		External	Chair of Finance & Resources	83%

Victoria Downing-Burn	Nov 2020	4 years		External	Joint Vice Chair of Corporation (from 1 Nov 2021) Chair of Remuneration	83%
Adam Gould	Jul 2022	4 years		External	Finance & Resources Audit	100%
John Spindler	Feb 2023	4 Years	29 Feb 2024	External	Curriculum & Quality Audit	100%
Julie Evans	Jun 2023	4 years	4 Jul 2024	External	Audit	100%
Robert Rashley	Aug 2022	4 years		Staff	Curriculum & Quality	100%
Felix Hebblethwaite	Jun 2023	4 years	7 Mar 2024	External	Audit	100%
Paul Conroy	Jun 2023	4 years	17 Sep 2024	External	Curriculum & Quality	83%
Patrick Weidijk	Jun 2023	4 years		External	Finance & Resources	100%
Marie Claire Haines	Jul 2024	4 years		External	Audit Joint Vice Chair of the Corporation (from 1 Oct 2024)	100%
Michelle Crew Gee	Jul 2024	4 years		External	Finance & Resources	100%
Pat Coxen	Jul 2024	4 years		External	Chair of Audit (from 1 Oct 2024)	100%

Mark Johnston	Jul 2024	4 years		External	Finance & Resources	100%
Isabella Eddahar	Oct 2023	1 year	30 Jul 2024	Student	NA	83%
Claire Lynch	Oct 2024	1 year		Associate	NA	NA
Nicola McNulty	Oct 2023	1 year	25 May 2024	Associate	NA	NA
Pascal Loizeau	Oct 2023	1 year		Associate	NA	NA
Jenny Williams	Oct 2023	1 year		Associate	NA	NA
Kim Moubray	Oct 2023	1 year		Associate	NA	NA
Marie Claire Haines	Oct 2023	1 year	1 Jul 2024 (appointed External Governor)	Associate	NA	NA

### The Governance Framework

It is the corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and people and culture related matters such as health and safety and environmental issues. The corporation meets half-termly routinely, from November 2023 until June 2024 meetings were on a monthly basis to ensure appropriate oversight of financial and quality matters, returning to its regular meeting schedule in June and July 2024.

The corporation conducts its business through committees. Each committee has terms of reference, which have been approved by the corporation. In 2023/24 these committees were Audit, Curriculum and Quality, Finance and Resources, Remuneration and Governance and Search.

Full minutes of all corporation meetings, except those deemed to be confidential by the corporation, are available on the College's website ([www.bathcollege.ac.uk](http://www.bathcollege.ac.uk)) or from the clerk to the corporation at the College's registered address. Minutes of committee meetings are available on request.

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

All governors can take independent professional advice in furtherance of their duties at the College's expense and have access to the clerk to the corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the clerk are matters for the corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are provided on an ad hoc basis along with informal newsletters and email updates.

The corporation has a strong and independent non-executive element (governors), 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.

### **Appointments to the corporation**

Any new member appointments to the corporation are a matter for the consideration of the corporation as a whole on the recommendation of the Governance and Search Committee.

The Governance and Search committee, consisting of three members of the corporation with additional expertise and objective insight in Associate members, which is responsible for the selection and nomination of any new member for the corporation's consideration. The corporation is responsible for ensuring that appropriate training is provided as required in response to governor appraisals and skills audits. Training and Development is offered in house and through the use of specialists such as the AoC.

Members of the corporation are appointed for a term of office not exceeding four years with the option to renew for one further term. Associate members are appointed for a term of between 6 months and one year and may renew for up to four years.

### **Corporation performance**

The corporation carried out a self-assessment of its own performance for the year ended 31 July 2024 to identify areas where development might be required.

An external review of governance took place in Autumn 2023 and the report was published in January 2024. The Board has agreed an implementation plan in order to take forward a range of projects in order to achieve excellence. Recruitment to outstanding Governor vacancies is a priority for the Governance and Search Committee in 2024-5 along with ensuring all aspects of governance best practice are fully implemented.

The Governance and Search Committee monitors performance and attendance of governors.

The Chair and Director of Corporate Governance provides induction arrangements with new governors and the Chair also has individual meetings with each Governor to review feedback and set objectives. The outputs from these are being used to improve corporate performance and inform development.

New governors completed the skills evaluation undertaken by all governors in the Autumn term and the results are used by the Governance and Search Committee to determine the skills needed for succession planning as well as for Governor development needs. Regular training and development take place for Governors including offering external, Association of Colleges (AoC), Education and Training Foundation (ETF) and College training. This includes regular updates and training on Safeguarding and Prevent and networking with other governors. Link roles for governors include Safeguarding, SEND, Teaching, Learning & Assessment and Digital Skills.

### **Remuneration Committee**

Throughout the year ending 31 July 2024 the College's Remuneration Committee comprised three members of the corporation. 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 College has adopted the AoC Senior Staff Remuneration Code in its pay policy as far as it relates to senior members of staff.

Details of remuneration for the year ended 31 July 2024 are set out in note 6 to the financial statements.

### **Audit Committee**

The Terms of Reference for the Audit Committee have been reviewed for the year 2023-4 and the membership was increased to include an additional member and two associate members. The Committee operates in accordance with written terms of reference approved by the corporation.

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

The College's internal auditor reviews the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

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

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

The Audit committee met three times in the year to 31 July 2024 and then again on 18 November 2024. Due to changes in the membership of the Governing Body in year there was some significant change in the make up of the Committee and its Chairing.

The members of the committee and their attendance records are shown below:

<b>Committee member</b>	<b>November 2023 meeting</b>	<b>April 2024 meeting</b>	<b>June 2024 meeting</b>
N Wilson	Present	Not Applicable	Not Applicable
J Spindler	Present	Not Applicable	Not Applicable
J Evans	Not Applicable	Absent	Absent
F Hebblethwaite	Present	Not Applicable	Not Applicable
M C Haines	Present	Present	Present
N McNulty	Present	Absent	Not Applicable
A Gould	Present	Present	Present

## **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 during the year to the Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Funding Agreement between Bath College and the funding bodies. They are also responsible for reporting to the corporation any material weaknesses or breakdowns in internal controls.

### **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 Bath College for the year ended 31 July 2024 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

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



### **The risk and control framework**

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

- budgeting systems with an annual budget, which is reviewed and agreed by the governing body and the finance working group/Committee
- 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 and monitoring thereof
- clearly defined capital investment control guidelines and monitoring thereof
- the adoption of project management disciplines, where appropriate

The College has a single 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 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. Annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College, which would normally include an independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

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

The College maintains an oversight of the risks it faces and the mitigations and controls used to manage these risks through a comprehensive register which is reviewed and approved at governor meetings. The College's main strategic risks are shown at page 13-15 and are summarised as: Quality of education; Financial sustainability; People and culture; IT and cyber; and Estate and learning facilities. Due to the programme of internal audit activities changing in year, the Internal Auditors declared in their end of year report that they had not completed sufficient assurance work in 2023/24 to enable them to provide a formal opinion. The programme of internal audits will be carefully reviewed for 2024/25 to ensure that sufficient assurance work is balanced with follow up or advisory work to enable a full opinion.

### **Control weaknesses identified**

The College's internal auditors (for 2023/24, RSM) carry out several audits each year and make recommendations for improvements. These recommendations are then addressed and implemented by the College, with follow up audits taking place to assess progress. The assurance and control audits undertaken in 2023/24 made 2 high priority recommendations, 10 medium priority and 13 low priority. At each meeting of the Audit Committee, management reports on progress and actions against these recommendations.

Based on the assurance reviews undertaken, the follow-up audits completed during the period, and in the context of materiality the College is satisfied that the actions taken are sufficient to address the control weaknesses identified. The Audit Committee continues to report regularly to the Board of the Corporation on actions and progress.



### **Responsibilities under accountability agreements**

The Department for Education (DfE) and Education and Skills Funding Agency (ESFA) introduced new controls for the College on 29 November 2022 on the day that the Office for National Statistics reclassified Colleges as public sector organisations in the national accounts.

The ESFA chief executive communicated these changes to all College accounting officers and explained plans to introduce a College financial handbook in 2024. The College has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

### **Statement from the Audit Committee**

The audit committee has advised the board of governors that the corporation has taken steps to ensure an effective framework for governance and risk management in place during the year 2023-24. The audit committee believes the corporation has taken steps to ensure effective internal controls in place.

The specific areas of work undertaken by the audit committee in 2023-24 and up to the date of the approval of the financial statements are:

- Review of Apprenticeship Provision and Compliance with funding agreements
- Risk Maturity Review
- Key Financial Controls – Cash Management and Procurement
- Sub Contracting Compliance and Audit
- Risk Management Review and development of improved processes to track internal audit recommendations

### **Review of effectiveness**

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

- the work of the internal auditors engaged during the year
- the work of senior postholder and senior management team 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 Chief Operating Officer, the appointed funding auditors in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work programme for internal audit during the year 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 through a dashboard reporting system. The senior management team and the Audit Committee also receive regular reports from internal auditors 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 (review of risk registers) and receives reports thereon from the senior management team and the Audit Committee.

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

**Approved by order of the members of the Corporation on 11 December 2024 and signed on its behalf by:**



Sandra Prail MBE, MBA, LLB  
Interim Chair



Martin Sim CBE  
Accounting Officer

# Bath College

## Statement of Regularity, Propriety and Compliance

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

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

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



Martin Sim CBE  
Accounting Officer  
11 December 2024

## Statement of the chair of governors

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



Sandra Prail MBE, MBA, LLB  
Interim Chair of Governors  
11 December 2024

# Bath College

## 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 accountability agreement, funding agreements and contracts with ESFA, DfE and any other relevant funding bodies, the corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice.

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

- select suitable accounting policies and 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) and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the college will continue in operation.

The corporation is also required to prepare a strategic Report in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

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

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

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

Approved by order of the members of the corporation on 11 December 2024 and signed on its behalf by:



Sandra Prail MBE, MBA, LLB  
Interim Chair of Governors  
11 December 2024

# Bath College

## Independent Auditor's Report on the Financial Statements

### Opinion

We have audited the financial statements of Bath College (the 'corporation') for the year ended 31 July 2024 which comprise the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet and Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: Accounting for Further and Higher Education (the 'FE HE SORP') and the College Accounts Direction for 2023 to 2024.

In our opinion, the financial statements:

- give a true and fair view of the state of the corporation's affairs as at 31 July 2024 and of the corporation's income and expenditure, gains and losses, changes in reserves and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the FE HE SORP, College Accounts Direction 2023 to 2024 and the Office for Students' Accounts Direction.

### Basis for opinion

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

### Conclusion relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on

the corporation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the

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

### **Other information**

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

- adequate accounting records have not been kept by the corporation, or returns adequate for our audit have not been received from branches not visited by us; or
- the corporation's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

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

In our opinion:

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

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



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

### **Responsibilities of the corporation**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on pages 32 - 33, the corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the corporation determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the sector, control environment and the corporation's performance;
- results of our enquiries of management and the members, including the committees charged with governance over the corporation's finance and control, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the corporation's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- how the corporation ensured it met its obligations arising from it being financed by and subject to the governance requirements of the ESFA and OfS, and as such material compliance with these obligations is required to ensure the corporation will continue to



receive its public funding and be authorised to operate, including around ensuring there is no material unauthorised use of funds and expenditure;

- how the corporation ensured it met its obligations to its principal regulator, the Secretary of State for Education; and
- the matters discussed among the audit engagement team and involving relevant internal specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

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

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of corporation's management and members concerning actual and potential litigation and claims;
- performing procedures to confirm material compliance with the requirements of the ESFA and OfS;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of the members and reviewing internal control reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or

non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

### **Use of our report**

This report is made solely to the corporation, in accordance with Article 16 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the corporation those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation, for our audit work, for this report, or for the opinions we have formed.

*Bishop Fleming LLP*

**Bishop Fleming LLP**

Chartered Accountants  
Statutory Auditors  
2nd Floor Stratus House  
Emperor Way  
Exeter Business Park  
Exeter  
EX1 3QS  
Date: *18/12/2024*

# Bath College

## **Reporting accountant's assurance report on regularity to the Corporation of Bath College ("the College") and Secretary of State for Education acting through Education and Skills Funding Agency (ESFA)**

In accordance with the terms of our engagement letter dated 11 April 2022 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Bath College during the period 1 August 2023 to 31 July 2024 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

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

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

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

### **Approach**

We conducted our engagement in accordance with the Code issued jointly 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 and propriety.

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

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

The work undertaken to draw our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across the College's activities;
- Evaluation and validation of the processes and controls in place to ensure regularity and propriety for the use of public funds, including the consideration of the College's self-assessment questionnaire ("SAQ");
- Sample testing of income to ensure that funds have been applied for the purposes that they were awarded, focused on areas assessed as high risk;
- Confirming through enquiry and understanding the control environment that the College has policies and delegated authorities in respect of procurement; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referenced to our regularity report.

The list is not exhaustive, and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Code.

### **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 2023 to 31 July 2024 has not been applied to purposes intended by Parliament, and that the financial transactions do not conform to the authorities that govern them.

*Bishop Fleming LLP*

**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
2nd Floor Stratus House  
Emperor Way  
Exeter Business Park  
Exeter  
EX1 3QS  
Date: *18/12/2024*

**Bath College**  
**Statement of Comprehensive Income and Expenditure**

	Notes	Year ended 31 July 2024 £'000	Year ended 31 July 2023 £'000
<b>INCOME</b>			
Funding body grants	2	20,612	18,515
Tuition fees and education contracts	3	2,633	2,829
Other income	4	2,340	1,326
Investment income	5	200	105
<b>Total income</b>		<b>25,785</b>	<b>22,775</b>
<b>EXPENDITURE</b>			
Staff costs	6	16,064	15,273
Other operating expenses	7	8,064	7,595
Depreciation and amortisation	11,12	1,951	1,765
Interest and other finance costs	9	289	429
<b>Total expenditure</b>		<b>26,368</b>	<b>25,062</b>
<b>(Deficit) before other gains and losses</b>		<b>(583)</b>	<b>(2,287)</b>
(Loss) on disposal of assets		(69)	-
<b>(Deficit) before tax</b>		<b>(652)</b>	<b>(2,287)</b>
Taxation	10	-	-
<b>(Deficit) for the year</b>		<b>(652)</b>	<b>(2,287)</b>
Actuarial gain in respect of defined benefit pension liability	22	159	5,720
Actuarial (loss) / gain in respect of enhanced pension scheme	17	(7)	184
<b>Total Comprehensive (Deficit) / Income for the year</b>		<b>(500)</b>	<b>3,617</b>

All items of income and expenditure relate to continuing activities.

**Bath College****Statement of Changes in Reserves**

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
<b>Balance at 1 August 2022</b>	<b>5,287</b>	<b>4,003</b>	<b>9,290</b>
(Deficit) from the income and expenditure account	(2,287)	-	(2,287)
Other comprehensive income	5,904	-	5,904
Transfers between revaluation and income and expenditure reserves	93	(93)	-
<b>Total comprehensive income</b>	<b>3,710</b>	<b>(93)</b>	<b>3,617</b>
<b>Balance at 31 July 2023</b>	<b>8,997</b>	<b>3,910</b>	<b>12,907</b>
(Deficit) from the income and expenditure account	(652)	-	(652)
Other comprehensive income	152	-	152
Transfers between revaluation and income and expenditure reserves	94	(94)	-
<b>Total comprehensive income</b>	<b>(406)</b>	<b>(94)</b>	<b>(500)</b>
<b>Balance at 31 July 2024</b>	<b>8,591</b>	<b>3,816</b>	<b>12,407</b>

**Bath College**  
**Balance sheet as at 31 July 2024**

	Notes	2024 £'000	2023 £'000
<b>Non current assets</b>			
Tangible fixed assets	11	34,076	34,392
Intangible assets	12	36	63
		<b>34,112</b>	<b>34,455</b>
<b>Current assets</b>			
Stocks		101	98
Trade and other receivables	13	882	859
Cash and cash equivalents	18	3,753	5,133
		<b>4,736</b>	<b>6,090</b>
<b>Creditors – amounts falling due within one year</b>	14	(6,548)	(10,052)
<b>Net current (liabilities)</b>		<b>(1,812)</b>	<b>(3,962)</b>
<b>Total assets less current liabilities</b>		<b>32,300</b>	<b>30,493</b>
Creditors – amounts falling due after more than one year	15	(15,808)	(13,086)
<b>Provisions</b>			
Defined benefit obligations	17	(2,623)	(2,974)
Other provisions	17	(1,462)	(1,526)
<b>Total net assets</b>		<b>12,407</b>	<b>12,907</b>
<b>Unrestricted Reserves</b>			
Income and expenditure account		8,591	8,997
Revaluation reserve		3,816	3,910
<b>Total unrestricted reserves</b>		<b>12,407</b>	<b>12,907</b>
<b>Total reserves</b>		<b>12,407</b>	<b>12,907</b>

The financial statements on pages 41 to 68 were approved and authorised for issue by the corporation on 11 December 2024 and were signed on its behalf on that date by:



Sandra Prail MBE, MBA, LLB  
 Chair



Martin Sim CBE  
 Accounting Officer



**Bath College**

**Statement of Cash Flows**

	Notes	2024 £'000	2023 £'000
<b>Cash flow from operating activities</b>			
(Deficit) for the year		(652)	(2,287)
<b>Adjustment for non-cash items</b>			
Depreciation		1,951	1,765
(Increase) in stocks		(3)	(12)
(Increase) in debtors		(25)	(230)
Increase/(decrease) in creditors due within one year, excluding government capital grants and bank loans		(984)	2,673
Release of government capital grants		(1,234)	(1,034)
FRS 102 (s28) (credit)/charge		(318)	330
(decrease) in provisions		(146)	(132)
<b>Adjustment for investing or financing activities</b>			
Investment income		(200)	(105)
Interest payable		289	429
Loss on disposal of fixed assets		69	-
<b>Net cash flow from operating activities</b>		<b>(1,251)</b>	<b>1,397</b>
<b>Cash flows from investing activities</b>			
Investment income		200	105
Government capital grants received		1,641	2,230
Payments made to acquire fixed assets		(1,676)	(2,193)
		<b>165</b>	<b>142</b>
<b>Cash flows from financing activities</b>			
Interest paid		(88)	(102)
Movement on bursary scheme		0	(1)
Repayments of amounts borrowed		(206)	(206)
		<b>(294)</b>	<b>(309)</b>
<b>Increase in cash and cash equivalents in the year</b>		<b>(1,380)</b>	<b>1,230</b>
Cash and cash equivalents at beginning of the year	18	5,133	3,903
<b>Cash and cash equivalents at end of the year</b>	<b>18</b>	<b>3,753</b>	<b>5,133</b>

## **Bath College**

### **Notes to the Financial Statements**

#### **1. Statement of accounting policies and estimation techniques**

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

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

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2023-4 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

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

The financial statements are prepared in accordance with the historical cost convention.

##### **Basis of consolidation**

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

##### **Going concern**

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

The College currently has £2.5million of loans outstanding with its bank on terms as disclosed in note 16. A bank covenant was breached in 2022/23 indicating the possibility that the bank could require the loan to be settled. The bank has been supportive of the College and its improving financial position and a formal Letter of Waiver in respect of the breach was issued in 2023/24. At the same time the bank agreed there would be no testing of covenants for the year ending 31 July 2024, with renewed and refreshed covenants in place for 2024/25 onwards.

The College's forecasts and financial projections indicate that it will be able to operate within these existing facilities and existing 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 at least the next twelve months from the date of signing the balance sheet. For this reason it is appropriate to continue to adopt the going concern basis in the preparation of these 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 recurrent grant from the Office for Students (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 from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

### ***Capital grant funding***

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-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.

## **Agency arrangements**

The College acts as an agent in the collection and payment of certain discretionary support funds and any other arrangements. 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.

### ***Bath and North East Somerset 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.

### ***Bath and North East Somerset Local Government Pension Scheme (LGPS)***

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

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

### **Short term Employment benefits**

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

### **Enhanced Pensions**

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

## **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.

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

### ***Land and buildings***

Freehold buildings are depreciated on a straight-line basis over their expected useful lives

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

Freehold buildings are depreciated over their expected useful economic life to the College of 50 years or less if appropriate. The College depreciates major adaptations to buildings over the building's remaining useful economic life.

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

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

### ***Assets under construction***

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

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

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

### ***Equipment***

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

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

- motor vehicles and general equipment      5 years
- computer equipment      4 years
- furniture, fixtures and fittings      5 – 15 years

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

Where equipment is acquired with the aid of government 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 Statement of Comprehensive Income 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.

### **Borrowing costs**

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

### **Leased assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1 August 2014 are spread over the minimum lease term.

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

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

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

### **Stocks**

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

### **Cash and cash equivalents**

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

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

### **Financial liabilities and equity**

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

All loans, investments and short-term deposits held by the College 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.

### **Foreign currency translation**

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

### **Taxation**

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 1% 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**

### ***Judgements in applying accounting policies***

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 group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

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

- Tangible fixed assets 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.
- The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21 will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 to value the pensions liability at 31 July 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

## 2. Funding body grants

	Year ended 31 July 2024	Year ended 31 July 2023
	£'000	£'000
<b>Recurrent grants</b>		
ESFA – 16-18	13,577	11,771
ESFA – adult education budget	1,356	1,262
WECA – adult education budget	1,344	1,720
ESFA – Apprenticeships	2,297	1,698
Office for students (OfS)	57	93
Other recurrent grant	157	472
<b>Specific grants</b>		
Teacher Pension Scheme contribution grant	590	465
Releases of government capital grants	1,234	1,034
<b>Total</b>	<b>20,612</b>	<b>18,515</b>
 <b>Details of grant and fee income</b>		
Grant income from the OfS	57	93
Grant income from other bodies	19,321	17,388
Fee income for taught awards (exclusive of VAT)	45	117
Fee income from non-qualifying courses (exclusive of VAT)	2,589	2,712
<b>Total grant and fee income</b>	<b>22,012</b>	<b>20,310</b>

## 3. Tuition fees and education contracts

	Year ended 31 July 2024	Year ended 31 July 2023
	£'000	£'000
ESFA 14 – 16 fees	204	121
Adult education fees	795	579
Apprenticeship fees and contracts	24	20
Fees for FE loan supported courses	172	87
Fees for HE loan supported courses	45	117
International students' fees	1,038	915
<b>Total tuition fees</b>	<b>2,278</b>	<b>1,839</b>
Education Contracts	355	990
<b>Total</b>	<b>2,633</b>	<b>2,829</b>

#### 4. Other income

	Year ended 31 July 2024	Year ended 31 July 2023
	£'000	£'000
Catering	220	177
Miscellaneous income	2,120	1,149
<b>Total</b>	<b>2,340</b>	<b>1,326</b>

#### 5. Investment income

	Year ended 31 July 2024	Year ended 31 July 2023
	£'000	£'000
Other interest receivable	200	105
<b>Total</b>	<b>200</b>	<b>105</b>

#### 6. Staff costs

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

	2024	2023
	No.	No.
Teaching staff	164	192
Non-teaching staff	197	193
	<b>361</b>	<b>385</b>
<b>Staff costs for the above persons</b>		
	2024	2023
	£'000	£'000
Wages and salaries	12,362	11,289
Social security costs	1,102	1,004
Other pension costs including FRS 102 (s28) adjustments of £318k credit (2023 £330k expense)	2,246	2,655
	<b>15,710</b>	<b>14,948</b>
<b>Payroll sub total</b>		
Contracted out staffing services	257	263
	<b>15,967</b>	<b>15,211</b>
Restructuring costs - Contractual	54	-
Restructuring costs – non-contractual	43	62
<b>Total Staff costs</b>	<b>16,064</b>	<b>15,273</b>

The College offers some salary sacrifice arrangements, available to all staff.

Restructuring costs are approved in accordance with College policy and are recognised at the point at which an 'obligating event' has occurred.

### Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College leadership team which during the year comprised the Principal, the Deputy Principal, the Chief Operating Officer and the Director of Governance (previously the Principal the Deputy Principal and the Director of Finance).

Staff costs include compensation paid to key management personnel for loss of office. No such payments were made during the year.

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

	2024 No.	2023 No.
The number of key management personnel including the Accounting Officer was:	4	3

The number of key management personnel and other staff who received annual emoluments, excluding employer contributions to national insurance and pensions, in the following ranges was:

	Key management personnel		Other staff	
	2024 No.	2023 No.	2024 No.	2023 No.
£10,501 to £15,000	1	1		
£30,001 to £35,000	1	0		
£45,001 to £50,000	2	0		
£50,001 to £55,000	1	1		
£55,001 to £60,000	1	0		
£65,001 to £70,000	0	0	1	0
£75,001 to £80,000	0	1	0	0
£125,001 to £130,000	0	1	0	0
£145,001 to £150,000	1	0	0	0
	<b>7</b>	<b>4</b>	<b>1</b>	<b>0</b>

Key management personnel compensation is made up as follows:

	2024 £'000	2023 £'000
Basic salary	388	271
Benefits in kind	0	0
Pension contributions	47	61
Total key management personnel compensation	435	332

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

	2024	2024	2024	2023
	£'000	£'000	£'000	£'000
Basic salary	147	11	48	130
Benefits in kind	-	-	-	-
Pension contributions	21	2	-	31
	168	13	48	161

The pension contributions in respect of the Principal and key management personnel are in respect of employer's contributions to the Teachers' Pension Scheme and Local Government Pension Scheme and are paid at the same rate as for other employees. There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

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

The governing body adopted AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principles. The remuneration package of key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance. The Principal and Chief Executive reports to the Chair of the Corporation, who undertakes an annual review of their performance against the College's overall objectives using both qualitative and quantitative measures of performance.

#### Relationship of Accounting Officer pay and remuneration expressed as a multiple

	2024	2023
	£'000	£'000
Accounting Officer basic salary as a multiple of all staff	4.6	4.8
Accounting Officer total remuneration as a multiple of the median of all staff	4.4	4.9

#### Severance payments

The College paid 6 severance payments in the year (2023; 10 payments), disclosed in the following bands:

0 - £25,000	6
-------------	---

Included in staff restructuring costs are special severance payments totalling £33,063 (2023: £62,018). Individually the payments were £50, £500, £905, £5,000, £11,608 and £15,000.

## 7. Other operating expenses

	2024	2023
	£'000	£'000
Teaching costs	2,955	2,634
Non-teaching costs	3,833	3,267
Premises costs	1,276	1,694
	<hr/>	<hr/>
<b>Total</b>	<b>8,064</b>	<b>7,595</b>

### Other operating expenses include:

Auditors' remuneration:		
Financial statements audit	44	29
Other services provided by the financial statements' auditor		
– Teachers Pension Scheme audit	1	1
Internal audit fees	41	15
Hire of assets under operating leases	84	82

## 8. Access and participation expenditure

	2024	2023
	£'000	£'000
Access investment	104	-
Financial support to students	250	62
Disability support	2,309	2,048
	<hr/>	<hr/>
<b>Total</b>	<b>2,663</b>	<b>2,110</b>

£2,228,000 (2023 £1,883,000) of the disability support expenditure is already included within staff costs, note 6. The Access investment expenditure is included in Additions in Tangible Fixed Assets, note 11. Financial support to students is included in amounts disbursed as agent, note 24.

Full details of the Access & Participation plan for Bath College is published on the website and can be found at <https://www.bathCollege.ac.uk/sites/default/files/2021-06/Access-And-Participation-Plan-2019-20.pdf>

## 9. Interest and other finance costs

	2024	2023
	£'000	£'000
On bank loans, overdrafts and other loans:	88	102
	<b>88</b>	<b>102</b>
Interest costs on enhanced pension provision	75	58
Net interest on defined pension liability (note 2)	126	269
	<hr/>	<hr/>
<b>Total</b>	<b>289</b>	<b>429</b>

## 10. Taxation

The members do not believe that the College was liable for any corporation tax arising out of its activities for the current or prior period.

## 11. Tangible fixed assets

	Land and buildings		Equipment £'000	Assets in the course of construction £'000	Total £000
	Freehold £'000	Leasehold £'000			
<b>Cost or valuation</b>					
At 1 August 2023	43,545	687	13,325	95	57,652
Additions	-	-	1,676	-	1,676
Transfers	-	-	3	(3)	-
Disposals	(22)	(687)	-	-	(709)
<b>At 31 July 2024</b>	<b>43,523</b>	<b>0</b>	<b>15,004</b>	<b>92</b>	<b>58,619</b>
<b>Depreciation</b>					
At 1 August 2023	12,397	617	10,246	-	23,260
Charge for the year	1,071	17	836	-	1,924
Transfers	-	-	-	-	-
Disposals	(7)	(634)	-	-	(641)
<b>At 31 July 2024</b>	<b>13,461</b>	<b>0</b>	<b>11,082</b>	<b>-</b>	<b>24,613</b>
<b>Net book value at 31 July 2024</b>	<b>30,062</b>	<b>0</b>	<b>3,922</b>	<b>92</b>	<b>34,076</b>
Net book value at 31 July 2023	31,148	70	3,079	95	34,392



## 12. Intangible assets

	£'000
<b>Cost or valuation</b>	
At 1 August 2023	106
Disposals	-
<b>At 31 July 2024</b>	<b>106</b>
<b>Amortisation</b>	
At 1 August 2023	43
Charge for the year	27
<b>At 31 July 2024</b>	<b>70</b>
<b>Net book value at 31 July 2024</b>	<b>36</b>
Net book value at 31 July 2023	63

The College carries inherited assets at a value of £3,816,480 (2023: £3,910,060). These assets were valued on incorporation and the historic cost of these assets is £nil.

## 13. Trade and other receivables

	2024	2023
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	127	177
Prepayments and accrued income	633	482
Amounts owed by Funding bodies	122	200
<b>Total</b>	<b>882</b>	<b>859</b>

## 14. Creditors: amounts falling due within one year

	2024	2023
	£'000	£'000
Bank loans and overdrafts	206	2,709
Trade payables	691	534
Other taxation and social security	236	226
Accruals and deferred income	1,355	812
Deferred income - capital grants	1,217	1,235
Amounts owed to the ESFA	953	985
Payments received in advance	41	541
Other creditors	1,647	2,856

Apprenticeship Incentive Control account	117	95
Holiday pay accrual	105	59
<b>Total</b>	<b>6,548</b>	<b>10,052</b>

**15. Creditors: amounts falling due after more than one year**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans	2,297	-
Bursary scheme	108	108
Deferred income - government capital grants	13,403	12,978
<b>Total</b>	<b>15,808</b>	<b>13,086</b>

The Bursary scheme is a donated fund made available to assist eligible full time students with course fees, travel and course related items.

**16. Maturity of debt**

**Bank loans and overdrafts**

Bank loans are repayable as follows:	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
In one year or less	206	2,709
Between one and two years	2,297	-
Between two and five years	-	-
In five years or more	-	-
<b>Total</b>	<b>2,503</b>	<b>2,709</b>

The College had no overdrafts during the year

The College's bankers are Barclays Bank Plc. As part of the loan agreements with the bank the College agreed several covenants, one of which was breached in 2022/23. In 2023/24 the bank issued a formal Letter of Waiver in respect of that breach and agreed that there would be no testing of covenants for the year ending 31 July 2024.

The bank borrowings consist of a loan of £3,172,500 repayable over 5 years from April 2021, with a 5 year fixed rate of interest of 3.337%. This facility is secured against the William Herschel building, Bath. Barclays also holds a general mortgage over the freehold property at South Hill Park, Radstock. At 31 July 2024, the balance outstanding on the loan was £2,503,000.

## 17. Provisions

	Defined benefit obligations	Enhanced pensions	Other	Total
	£'000	£'000	£'000	£'000
At 1 August 2023	2,974	1,506	20	4,500
Expenditure in the period	(1,050)	(146)	-	(1,196)
Released in the period	732	-	-	732
Interest cost	126	75	-	201
Actuarial movement	(159)	7	-	(152)
<b>At 31 July 2024</b>	<b>2,623</b>	<b>1,442</b>	<b>20</b>	<b>4,085</b>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in note 22.

The enhanced pension provision relates to the cost of staff who have already left the College's employ.

The principal assumptions for this calculation are:

	2024	2023
Price inflation	4.8%	2.7%
Discount rate	2.8%	5.1%

## 18. Cash and cash equivalents

	At 1 August 2023	Cash flows	Other changes	At 31 July 2024
	£'000	£'000	£'000	£'000
Cash and cash equivalents	5,133	(1,380)	-	3,753
Overdrafts	-	-	-	-
<b>Total</b>	<b>5,133</b>	<b>(1,380)</b>	<b>-</b>	<b>3,753</b>

## 19. Capital and other commitments

	2024	2023
	£'000	£'000
Commitments contracted for at 31 July	-	-

## 20. Lease Obligations

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

	2024	2023
	£'000	£'000
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	8	95
Later than one year and not later than five years	-	298
Later than five years	-	-
	<u>8</u>	<u>393</u>
<b>Other</b>		
Not later than one year	82	66
Later than one year and not later than five years	196	174
Later than five years	-	-
	<u>278</u>	<u>240</u>
<b>Total lease payments due</b>	<b>286</b>	<b>633</b>

## 21. Contingencies

The financial statements for the year ended 31 July 2023 included a contingent liability relating to legal proceedings; this case was resolved in September 2024.

There are no contingent liabilities, as at 31 July 2024

## 22. Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Bath & North East Somerset Council. Both are multi-employer defined-benefit plans.

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

<b>Total pension cost for the year</b>	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Teachers' Pension Scheme: contributions	1,515	1,442
Local Government Pension Scheme:		
Contributions paid	1,050	790
FRS 102 (28) (credit)/charge	(318)	330
Charge to the Statement of Comprehensive Income	732	1,120
Enhanced pension charge to Statement of Comprehensive Income	-	-
<b>Total Pension Cost for Year within staff costs</b>	<b><u>2,247</u></b>	<b><u>2,562</u></b>

### Teachers' Pension Scheme

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

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

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

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

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap)

Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education on 26 October 2023. The key elements of the valuation and subsequent consultation are:

employer contribution rates set at 28.6% of pensionable pay (including a 0.08% administration levy)  
total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million and notional assets (estimated future contributions

together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 1.7% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

As a result of the valuation, new employer contribution rate rose to 28.68% from 1 April 2024 and effective until 31 March 2027.

### Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Bath and North East Somerset Council. The total contributions made for the year ended 31 July 2024 were £1,360,000, of which employer's contributions totalled £1,050,000 and employees' contributions totalled £310,000. The agreed contribution rates for future years are 17.3% for the College and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2024 by Mercer Limited, a qualified independent actuary.

	At 31 July 2024	At 31 July 2023
Rate of increase in salaries	4.1%	4.2%
Future pensions increases	2.7%	2.8%
Discount rate for scheme liabilities	4.9%	5.1%
Inflation assumption (CPI)	2.6%	2.7%

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

	At 31 July 2024	At 31 July 2023
	Years	Years
<i>Retiring today</i>		
Males	21.9	22.0
Females	24.1	24.0
<i>Retiring in 20 years</i>		
Males	23.1	23.2
Females	26.0	25.7

The College's share of the assets in the plan at the balance sheet date was:

	Fair Value at 31 July 2024 £'000	Fair Value at 31 July 2023 £'000
Equities	16,230	9,710
Government bonds	6,827	6,009
Other bonds	2,898	2,575
Property	1,610	1,835
Cash/liquidity	(4,734)	296
Other	9,370	9,177
<b>Total fair value of plan assets</b>	<b><u>32,201</u></b>	<b><u>29,602</u></b>
<b>Actual return on plan assets</b>	<b><u>1,824</u></b>	<b><u>(1,501)</u></b>
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets	32,201	29,602
Present value of plan liabilities	(34,824)	(32,576)
<b>Net pensions (liability) (note 17)</b>	<b><u>(2,623)</u></b>	<b><u>(2,974)</u></b>

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

	2024 £'000	2023 £'000
<b>Amounts included in staff costs</b>		
Current service cost	(703)	(1,174)
Employer contributions	1,050	871
Effect of curtailments	-	-
Administration expenses	(29)	(27)
<b>Total credit / (cost)</b>	<b><u>318</u></b>	<b><u>(330)</u></b>



**Amounts included in investment income**

Expected return on pension scheme assets	1,530	1,111
Interest on pension liabilities	(1,656)	(1,380)
<b>Net interest (cost)</b>	<b>(126)</b>	<b>(269)</b>

**Amount recognised in Other Comprehensive Income**

Return on pension plan assets	295	(3,345)
Changes in assumptions underlying the present value of plan liabilities	(136)	9,065
<b>Amount recognised in Other Comprehensive Income</b>	<b>159</b>	<b>5,720</b>

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

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Net defined benefit (liability)/asset in scheme at 1 August	(2,974)	(8,095)
Movement in year:		
Current service cost	(703)	(1,174)
Employer contributions	1,050	871
Administration expenses	(29)	(27)
Curtailments	-	-
Net interest on the defined (liability)/asset	(126)	(269)
Actuarial gain or loss	159	5,720
<b>Net defined benefit (liability) at 31 July</b>	<b>(2,623)</b>	<b>(2,974)</b>

**Asset and Liability Reconciliation****Changes in the present value of defined benefit obligations**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Defined benefit obligations at start of period</b>	<b>32,576</b>	<b>39,707</b>
Current service cost	703	1,174
Interest cost	1,656	1,380
Contributions by Scheme participants	310	274
Changes in financial assumptions	136	(9,065)
Estimated benefits paid	(557)	(894)
Curtailments and settlements	-	-
<b>Defined benefit obligations at end of period</b>	<b>34,824</b>	<b>32,576</b>

**Changes in fair value of plan assets**

<b>Fair value of plan assets at start of period</b>	<b>29,602</b>	<b>31,612</b>
Interest on plan assets	1,530	1,111
Return on plan assets	295	(3,345)
Administration expenses	(29)	(27)
Employer contributions	1,050	871
Contributions by Scheme participants	310	274
Estimated benefits paid	(557)	(894)
<b>Fair value of plan assets at end of period</b>	<b>32,201</b>	<b>29,602</b>

**23. Related party transactions**

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

The total expenses paid to or on behalf of the Governors during the year was £0; (2023: 1 governor £145). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

Other than the Accounting Officer and the staff member, no Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2022: None).

A summary of such transactions is as follows:

Organisation	Governor	Capacity	2023/24		Nature of transaction
			Total	Out-standing	
			£000	£000	
<i>Income</i>					
Bath Spa University	Andy Salmon	Employee	43	1	Course income
Bath and North East Somerset Council	Lisa Ford	Employee	1,462	121	Course income
Curo Holdings	Julie Evans	Employee	14	5	Course income
Theatre Royal	Jayne Davis	Trustee	2	-	Sundry Income

<i>Expenditure</i>					
Komedia	Andy Salmon	Trustee /Director	1	-	Venue hire
Asdan Ltd (Award Scheme and Designation Network)	Jenny Williams	Employee	1	-	Annual Centre Fee
Mayden house	Mike Oram	Director	49	-	Course delivery
Curo holdings	Julie Evans	Employee	26	4	Venue hire
Bath and North East Somerset Council	Lisa Ford	Employee	152	7	Business rates, unfunded LGPS contributions, Venue hire
Chartered Institute of Personnel and Development	Victoria Downing-Burn Felix Hebblethwaite	Member Member	5	-	Course and membership fees
University of Bath	Adam Gould	Employee	232	0	Building rental, International Student costs,
Theatre Royal Bath	Jayne Davis	Trustee	209	24	Partnership costs

#### 24. Amounts disbursed as agent - Learner support funds

	2024	2023
	£000	£000
Balance brought forward	436	184
16-18 bursary grants	234	203
Other Funding body grants – free school meals	45	
	<u>715</u>	<u>387</u>
Disbursed to students	(211)	(113)
Administration costs	(9)	-
Amounts unspent in previous years	-	162
Balance unspent as at 31 July, included in creditors due within 1 year	<u>495</u>	<u>436</u>

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

**25. Events after the reporting period**

A long running dispute which had resulted in legal proceedings being issued against Bath College was resolved in September 2024 and the proceedings are now concluded.