PLUMPTON COLLEGE

Report and Financial Statements for the year ended 31 July 2022

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INTRODUCTION BY THE CHAIR

I am pleased to present to you our Annual Report as Chair, for 2021/22. As I look back on the past year I do so with a sense of true pride. This report not only presents key highlights of our successes and developments of the past twelve months, but it sets an agenda at Plumpton College that is both dynamic and responsive to the needs of our learners and local community.

Despite the many challenging external factors that the sector has faced, the college has continued to demonstrate their responsiveness and ability to deliver excellence through our teaching and learning, research and stakeholder engagement, whilst keeping our ambitious plans and strategic objectives on track. As a result of this, we remain proud of all our student achievement and retention rates and their involvement in extracurricular activities alongside strong student and staff satisfaction rates.

As a Corporation we were keen to seek an independent view on the impact and effectiveness of our governance on the college. Our external board review was completed in July 2022 and reported that governance is 'strong and highly effective' in the college; we are an ambitious board offering pace, challenge and stretch. Over the last academic year, we have been closely and actively involved in shaping strategy and have led on the development of a new five-year strategic plan which has further strengthened our partnership across the governing board with other key organisations and stakeholders that the College works with. The direction provided by our new strategy will allow the college to meet the challenges ahead with positive energy. Our mission remains resolute that the college will provide the opportunity for our stakeholders and partners to come together to share ideas and knowledge, to learn from our innovative curriculum and practices in order to shape the future of a sustainable land-based sector and the leaders within it.

Being adaptable, agile, and most importantly financially prudent, has meant that we have continued to invest in our facilities across the college. This year has once again seen further investment in our new capital facilities including the new Agrifood Centre which will open in 2023. These new purpose-built facilities will enable our students and future workforce to be taught the new technological, robotic and artificial intelligence skills that the land-based sector and a resilient economy requires, all in showcase state of the art buildings. We are also the lead land-based college in an Institute of Technology initiative across the South East funded by the DFE. As a key driver regionally on this project, it allows us to share our trailblazing work across the sector in leading the development of skills and the entrepreneurship required by the wider land-based economy.

As always, it is our people who make all the difference in what we do. On behalf of the Corporation, I would like to take this opportunity to express our deepest gratitude to our students, staff and parents/carers for their versatility and positive response to the challenges over the last year. I would also like to thank those valued members of the Corporation who stepped down this year for their commitment and significant experience in supporting the transformation of the college.

Whatever the future has in store, we have no doubt that the wider community of Plumpton College can continue to apply its collective ingenuity and determination to inspire students, sustain and grow. In the following annual report, we share just a few examples of the ways in which we are already doing just that. Plumpton College has never been stronger, nor more important for the local and national land-based economy. I look forward to working and continuing this exciting journey with them over 2022/23.

STRATEGIC REPORT

The Governors of Plumpton College are pleased to present their report and the audited financial statements For the Year Ended 31 July 2022.

Our Vision

To be the leader of land and environmental education and training in the South East, renowned for our cutting-edge practice.

Our Purpose

To inspire and equip our students with the skills, knowledge and attributes which meet the future needs of industry.

Our People - Our Culture

To be a diverse and vibrant community in which staff and students embody our values, have a strong sense of belonging and flourish

Our People - Our Partners

To have a nurturing and collaborative relationship with our local community and employers which enhances both the experience of our students and the professional development of the workplace.

Our People - Our Staff

To attract, develop and retain a highly skilled, ambitious team of staff empowered to deliver our core purpose.

Our Place

To play a transformational role in the environmental sustainability of land-based industries, showcasing best practice and integrating the highest standards of sustainability into our curriculum.

Values

- Ambitious and progressive
- Enterprising
- Professional
- Supportive
- Passionate about everything we do

Key Achievements

1. Excellent support for students from across the college, resulting in sustained, sector leading retention levels.
2. Excellent achievement rates for adult learners and apprentices, significantly above national benchmarks.
3. Strong engagement with employers and stakeholders resulting in increased training for industry.
4. Excellent progress in the provision of inspirational and professional learning environments across the wider college estate.
5. A highly engaged staff body and culture that reflects our values.

Chief Executives Report

After the challenges and disruption presented by the pandemic in each of the previous two years, all staff and students begun the start of the 2021/22 academic year with a sense of relief to be following more typical study patterns, with all aspects of teaching and learning returning fully to college-based study.

Some Covid measures such as the compulsory wearing of face coverings remained in place at the start of the year and absence rates for staff and students certainly affected business and study continuity at times, but in keeping with the previous two years, the college didn't ever suffer from the high rates seen elsewhere in the country.

As the academic year progressed however, the impact of the pandemic did become more evident in several other ways, and not least through the mindsets and behaviours of our students. Comparative with previous years, our cohort of year 12 and 13 students were clearly still suffering the effects of the interruptions on their lives and educational experience, and this was borne out through increased levels of anxiety and in some cases, reduced study and social skills.

This manifested itself in lower student attendance rates than the college has been used to (82% vs 87% typically) and greater behavioural challenges amongst a higher proportion of students who took longer to acclimatise to the more adult environment of college and the high expectations we have.

As in the years before, the staff team continued to demonstrate incredible resilience and adaptability to sustain the exceptional levels of support which Plumpton is renowned for. This undoubtedly resulted in the college sustaining its sector leading retention rates of near 94% for all 16-19 and adult provision.

Unfortunately, this did not always result in students achieving their qualification at the end of the year, with that 16-18 cohort recording amongst the lowest pass rates seen at Plumpton for some years. This was in part due to students not being able to sit end of year exams, which for many will have been their first formal examinations having been awarded GCSEs based on the teacher assessed/adapted model. Many students who reached the end of their studies also failed to meet the coursework requirements and overall achievement rates for this cohort sit at a disappointing 78%, compared to a more typical 88-89% of previous years. Whilst we await the national benchmark data with which to compare this, anecdotal evidence suggests this reflects a national picture. That said, the college recognise the timely tracking and monitoring of student progress to be a priority area of improvement for the year ahead. GCSE English and maths pass and high-grade rates were also impacted, and again remain a focus for the year ahead.

Conversely, success rates for adults were sustained at a very high rate (89%), continuing to place the college well above the national benchmark and firmly within the top 10% of the sector nationally, and with the highest number of adult students at the college for some years. Having been one of only three colleges nationally who were successful in procuring additional funding for its growing adult provision, the college maximised this and its core AEB funding contract through the delivery of more part time and employer focused training provision than ever. The success of One Garden Brighton and its centre of excellence in horticulture was a major contributory factor in this, with over 400 students studying accredited qualifications in horticulture and floristry with a further 500 engaging in leisure programmes.

It was also another successful year for apprenticeships at the college. Driven by high levels of engagement with small and medium sized employers, the college once again recruited its highest ever number of new apprenticeships starts in a year (>160) as we cemented our position as the leading land-based provider for apprenticeships in the South East. Continued focus on the quality of education, at college and in the workplace, also resulted in apprenticeship achievement rates sitting at their highest for over five years (70%) and significantly above the national average (45%).

In Higher Education, new start numbers were strong across the strategic priority areas of Viticulture, Vet Nursing and Animal Management, and further buoyed by the transfer of a new Honours degree programme in Veterinary Physiotherapy from Berkshire College of Agriculture. That continued focus on the quality of education and the HE student experience saw the college improve its student satisfaction scores by over 12% in the National Students Survey for HE, up to the national average at just under 80%.

Given the skills gap which exists across many of the sectors we support, but also our focus on developing the whole individual, it is perhaps no surprise to see our students in such demand when they leave college, regardless of level or subject. Our overall destination data tells us that 90% of students are in employment within a few months of leaving and for many programmes, this is 100%.

Across all provision types, aspects of student experience and college wide business continuity were certainly impacted by the unprecedented staff recruitment challenges seen during the year. Whilst the majority of student facing roles were filled by the start of the second term, this undoubtedly impacted experience at the start of the year. For teaching roles, most appointments made were of industry professionals with limited or no teaching experience and the college therefore relied heavily on its in-house teacher training programmes at levels 3 and 4, alongside a newly introduced PGCE programme. Investments were made in new bespoke teaching and learning coaches who provided excellent support and development opportunities to improve the pedagogical practice of teachers across the organisation.

The academic year saw an investment in a new college wide enrichment programme, designed to provide additional opportunities for students to engage outside the classroom. This proved to be very successful, and alongside our student-elected Student Union, provided a diverse range of activities in which students could engage. The wider sense of community amongst staff and students was certainly evident in whole college events such as RAG (Raising and Giving) Day, Pride and Harvest Festival in St Michaels Church.

In challenging socio-economic circumstances, the college engaged in a number of innovative projects in partnership with local stakeholders. Amongst the most impactful of these was the ESTAR project conducted with support from East Sussex County Council in which over fifty recently homeless members of the community from across Eastbourne, Hasting and Lewes, engaged in formal training in horticulture. For many, this was life changing, and for over half has resulted in progression into paid work or further education and training.

Alongside their excellent work building relationships with employers regarding apprenticeships, the work of the Business Services team resulted in the college delivering more employer training and upskilling interventions than ever before. The reach of that service now across the South East acts as a further indication of the college's regional status.

The College was highly commended in the national beacon awards by the AoC for its work with employers and particularly the highly innovative retraining programme designed the previous year to provide opportunities for those whose employment had been affected to be retrained and upskilled ready to join a land-based sector. This successful sector work-based academy programme continued to be tailored to the recruitment needs of a range of horticulture and food and drink businesses across the region.

In terms of strategic relationships, the College continued to work closely with both the South East LEP and Coast to Capital LEP, with whom we retain excellent relationships and are engaged through skills boards, employer advisory panels and rural skills strategy groups.
Across Sussex, all FE providers successfully collaborated and were awarded one of the national trailblazer pilots to ensure that provision meets local skills needs. The Strategic Development Fund provided capital and revenue opportunities to all providers and Plumpton used this predominantly to research the future skills needs of land-based employers across the county. One of the main outcomes being the development of new degree programmes in horticulture, agriculture and environmental land management for 23/24. This research also informed the new Sussex Learning and Skills Plan, in which land-based features as a priority sector.

The College's financial prudence and effective control and financial management sees us remain on a very strong financial footing, having achieved a fourth consecutive operating surplus to demonstrate the viability of our core operating model. This was achieved in a year in which our turnover grew by in excess of £3.6m and the continuing strength of our commercial activity contributed heavily to that alongside the growth in adult and apprenticeship numbers.

The price of most farm outputs improved during the year to reflect challenging costings impacted heavily by global events and this enabled the farm to continue to out-turn a positive operating position.

In its first full year, One Garden Brighton welcomed nearly a quarter of a million people through its gates, generating a revenue of £1.2m. The commercial nature of the business delivered an operating loss higher than budgeted, but a renewed focus on cost control during the quieter months and the ever-developing menu, market range and events will all enable the business to evolve and work towards its aim of providing a cost neutral site for education and training in the next 2 years.

The Agrifood capital project has progressed well during the year and overall remains on track to open in January 2023. On-farm aspects of the project such as the new pig unit and robotic milkers were complete and in operation and as well as providing excellent new teaching resources for students, have also positively impacted productivity on the farm already.

Inflationary pressures have driven up the overall Agrifood project cost, but the college's financial position and relationship with Virgin Money have meant it remains affordable.

The College received confirmation from the DfE that our collaborative bid to be part of the South East Institute of Technology was successful. This will enable Plumpton to invest in its next centre of excellence, being the only Institute of Technology in Animal and Veterinary Science in the country. The capital build project will commence in the spring of 2023 and also see investments in our winery.

The opening of the Institute of Technology soon after the Agrifood centre, will further support the suite of new higher level technical provision available at college from 23/24. Representing Plumpton's broadest phase of curriculum development for some years, the new degree programmes will be followed by the introduction of new T Level qualifications as an alternative to L3 study in some core subject areas.

It has also been a pleasing year in terms of our staff culture. There have been extensive opportunities for staff to engage in our new EDI strategy, with a committee and four working groups all informing positive change across the community, which we will be building on over the coming year.

Looking ahead, the transformation of so many aspects of the college over the past five years, coupled with the ever-changing work environment in which our students will enter, have provided the perfect context against which the college saw an opportunity to establish a new strategic plan.

This will run from 2022-2027 and sets out three core pillars (Our Purpose, Our People and Our Place) and a vision which captures our ambition to truly be the leading provider of land and environmental education in the South East. The process by which the new strategic plan was formed engaged hundreds of staff, students and stakeholders and therefore very much feels like <u>our</u> future strategy.

Staff feel inspired and excited about the college's future and despite a year of at times, challenging circumstances, it is no surprise that once again this was reflected in our most positive staff survey yet.

With that continued focus on our community of staff and students, our purpose of delivering the skills and attributes needed by employers and with the ongoing investment in our facilities, it is no surprise that we continue to attract more students, work with more employers and therefore demonstrate we are already very much on our way to becoming the market leader regionally.

Stakeholder relationships

The College attaches much importance to maintaining and developing close and positive relationships with the College's stakeholders, both internal (students and staff) and the wide range of external stakeholders it serves or partners (employers and Local Enterprise Partnerships, local authorities and communities, voluntary bodies, schools, universities, and other Colleges). The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.

Equal opportunities

Plumpton College is committed to ensuring equality of opportunity for all who learn and work here. The College respects and values positively differences in race, gender, sexual orientation, ability, class and age. The College strives vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis. The College's Equal Opportunities Policy, including its Race Relations and Transgender Policies, is published on the College's Internet site. The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005. Further details are available on the College website.

Disability statement

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

a) As part of its accommodation strategy the College updated its access audit. Experts in this field conducted a full access audit during 2008/09, and the results of this formed the basis of funding capital projects aimed at improving access.
b) The College has appointed a Student Support Co-ordinator, who works with staff from across the organisation to ensure that appropriate and timely support is provided where necessary. The College also now has a specialist Learning Support team, overseen by a Learning Support Manager who liaises with students, parents, Local Authorities and external organisations to ensure that specialist learning needs of students are met.
c) There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.
d) The College has a policy in place regarding the admission of students. Appeals against a decision not to offer a place are dealt with under the complaints policy.
e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
g) Counselling and welfare services are described in the College Student Handbook, which provides details of a number of services accessible to students, as well as the College's expectations regarding behaviour and conduct, and the Complaints and Disciplinary Procedure

Principal risks and uncertainties

Risk management is integral to planning and control across the College, and is firmly embedded into the planning/control and decision-making process. Responsibility for identifying, assessing and managing risks is devolved to those responsible for delivering the relevant aims and objectives. Specific mitigating actions initiated or intensified in response to a new or growing risk are planned and controlled in the same way as any other action designed to deliver the business objective, not as part of a standalone Risk Management Action Plan. Corporation reviews the strategic risk register every 2 months and the risk policy every 2 years. In addition, papers including the Principal's report, Management accounts and project updates include dedicated sections reporting risk.

Income: The College has reliance on continued government funding through the further and higher education sector funding body grants. This ratio has reduced in 2022 to 51.5% (2021 55.4%) through the development of diversified income streams. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. The College is aware of several issues which may impact on future funding, notably the forthcoming white paper.

Maintain adequate funding of pension liabilities: The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102. This risk is mitigated by an agreed deficit recovery plan with the East Sussex Pension Scheme.

Availability of finance: Colleges are able to borrow but for the last three years the sector has been paying back more to the banks than they are taking out. Banks have become more cautious as a result of the new college insolvency laws and the ending of Government financial support to the sector. Plumpton has secured a new banking relationship including banking, overdraft and loan facilities and has completed its transition from Lloyds to Clydesdale (Virgin Money) during 2022 financial year.

Insolvency regime: The new college insolvency regime came into effect in January 2019. Normal commercial insolvency law applies to colleges, with the DFE able to appoint an education administrator with wider duties to protect students as well as creditors. Plumpton through its Business Performance and Planning process is ever more focused on ensuring the commercial viability of each of its offerings and more able to respond with speed to changing circumstances. For 4 consecutive financial years the College has been able to adjust its staffing and spending decisions to deliver a surplus before FRS 102.

Brexit: The College has an additional Brexit risk register to track risks and mitigations for international students and staff, supply chains and logistics, exchange rates, EU/UK funding, delays to business decision making and product sales. Whilst the withdrawal agreement has been signed, there remains uncertainty on the impact of Brexit on the education and land based sectors.

Financial results

From 2021 the financial statements are presented in Group form, separating out the performance of the College from the Group which includes the wholly owned College subsidiary One Garden Brighton. Unless otherwise specified, the Group is referred to as the College in the report and is separately identified as College and Group in the financial statements.

The College has an adjusted operating surplus of £654k before FRS102 pension charges to staff costs (2021: surplus £575k). The College Financial Statements show a surplus £11,747k total comprehensive income (2021: deficit £123k), primarily due to the impact of the pension actuarial gain. For purposes of providing greater clarity a notation is provided to the Statement of Comprehensive Income reporting unadjusted and adjusted operating surplus/deficit.

The presentation of income in this and future financial statements includes two reclassifications. These are not a restatement or change in the total value of income, but a reclassification of income between categories. These have been agreed with the Colleges external auditors Mazars, with changes made to both the 2022 values and the 2021 comparator values. The first reclassification is £123K (2021: £64k) for Wine Skills income from Other income to Tuition fees and education contracts. The second reclassification is £1,254K (2021: £976k) for Apprenticeship income from Funding body grants to Tuition fees and education contracts. This presentation is consistent with FRS102 and the Casterbridge model.

Total income for 2022 rose by 19.1% to £21,743k (2021: £18,253k). The College continued to develop its diversified income streams with growth in student numbers, demand from businesses and One Garden Brighton has boosted income above pre-pandemic levels. Funding body grants (including Local Authority high needs funding and release of deferred capital grants) are the largest source of income at £11,207k (2021: £10,120k) and this is a lower proportion of total income at 51.5% (2021: 55.4%).

Total expenditure for 2022 rose by 20.5% to £22,609k (2021: £18,763k) inclusive of FRS102 pension liability. Excluding FRS102 pension liability, expenditure for 2022 rose by 19.3% in line with the growth in income at 19.1%.

The College continued to invest to improve its educational infrastructure. Capital additions were £7,516k (2021: £4,541k). This included the Agrifood project with investments in the College farm and campus, expected to complete in 2023. Total borrowing rose in response to this investment to £2,926k (2021: £1,961k). This represents a very low level of borrowing as a proportion of income at 13.5% (2021: 10.7%), this is comfortably below the Association of Colleges guidance of 40% of income.

The College inherited assets from the Local Authority following the 1992 Further and Higher Education Act and subsequently revalued some assts on adoption of FRS102. All non-land assets have been fully depreciated in the accounts. Land revaluation of £2,516k is non-depreciable and held in the revaluation reserve. All fixed assets are owned by the College and are accessed as required by the Group under a facilities agreement.

The College is a member of the East Sussex Local Government Pension scheme and its share of the assets of the fund is approximately 0.42%. The balance sheet includes a provision for defined benefit obligations that relate to this local government pension scheme. 2022 has seen a significant swing in the value of the provision to £1,760k (2021: £12,808k), ahead of its triannual valuation in 2023. As the pension provision is excluded from the EFA assessment of financial health and from the bank covenants, this movement whilst significant has no material impact on the College financial health in the short or medium term.

Reserves policy

The Corporation has reviewed its reserves policy in the light of Charity Commission guidance (CC19), the business risks and opportunities that it sees over the next 5 years. On an annual basis the College will set out the specific actions required to meet its reserves target. In the short-term the College needs cash, or access to cash, to meet; normal fluctuations in our working capital during the year, these arise principally due to the timing of our main FE Grant-In-Aid income, and varies by £800k between months; uncertainty about the level and timing of other grant streams and non-grant income; risk of additional unbudgeted costs e.g. to meet unforeseen regulatory requirements or restructuring; sector wide difficulties in securing, or retaining, access to loan and working capital facilities.

The Corporation has accordingly set a Liquidity Target to be achieved by the end of 2020/21 financial year, of holding at all times cash plus access to overdraft facilities totalling £0.8m, broadly equivalent to one month's salary bill. In the longer-term the College needs greater cash reserves to; repay existing long-term loans as they fall due; contribute to the fixed and working capital costs of developing new business and major projects; cover any restructuring costs associated with changes in demand; meet any long-term costs of crystallising liabilities, e.g. pensions.

The Corporation has reviewed and retained the reserves targets set out in last year's Financial Statements but has tightened the range based upon the strong College financial performance.

- cash holding of between £2.0m and £2.5m at 31 July 2023,
- cash holding of between £3.0m and £3.5m at 31 July 2025.

The Corporation regards these Reserves Targets as the College primary Financial Objectives. They are supported by other financial targets, including the bank covenants and ESFA financial health KPIs.

Cash flows and liquidity

The College held cash and cash equivelents at the end of year of £1,570k (2021: £2,297k). This movement is directly related to the Colleges capital investments. The College has a working capital facility available to support the cashflow requirements experienced by the FE sector, however it is held dormant and has not had to use this facility due to the improvement in its cash reserves.

Treasury policies and objectives

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

Payment performance

The College is committed to the terms of the Prompt Payment Code, with a target of paying all invoices within 30 days of receipt and 95% within 60 days of the invoice date, excluding disputes. The College met its target, paying 96% of invoices within 60 days of the invoice date.

Going Concern and Future prospects

The College has continued to adopt the going concern basis in preparing the financial statement and believes it will continue in operation and meet its obligations for at least a period of 12 months. The College continues to generate operating cashflows, developing well-diversified income streams whilst investing in developments at the Plumpton and Stanmer sites. In 2021 the Corporation reviewed and re-approved the Agrifood development, part funded by the South East Local Enterprise Partnership.

Events after the end of the reporting period

On 29 November 2022, the Office for National Statistics reclassified all college corporations as public sector institutions with immediate effects and this prompted the Department for Education to introduce some new rules for colleges which will take effect during 2023.

The college considers this announcement to be a non adjusting post balance sheet event. Having evaluated the implications of the announcement and Managing Public Money rules, do not consider that these have an impact on these financial statements.

The changes have however affected the source of funding for the AgriFood project, with the DfE providing the term loan instead of the planned commercial term loan from the Colleges bank. The members of Corporation approved in principle the annual report and financial statement on 6th December 2022. The final approval was delayed until 7th November 2023 following the DfE providing heads of terms for the loan in October 2023.

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 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 auditors are aware of that information.

Approved by order of the members of Corporation on 7th November 2023 and signed on its behalf by:

J Dougill
Chair of Governors

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

The College endeavours to conduct its business in full accordance with the guidance to Colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code") which it formally adopted in July 2016, on a comply or explain basis. In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2022, with the exception of the maximum term of office for Governors. An explanation of the reasons for the maximum term of office being exceeded by some governors can be found on page 15. The Governing Board recognises that, as a board entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. The college complied with the Office for Students ongoing conditions of registration and terms and conditions of funding.

Legal Status and Public Benefit Statement

The corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Plumpton College. The college has one wholly owned subsidiary 'One Garden Brighton Ltd'.

Plumpton College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Board, who are trustees of the charity, are disclosed on pages 15-16. In setting and reviewing the college's strategic objectives, the Governing Board 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 including students with high needs. The college adjusts its courses to meet the needs of local employers and provides training to apprentices. The college is committed to providing information, advice and guidance to the students it enrols and to finding suitable courses for as many students as possible regardless of their educational background. The public benefits delivered are described in the Strategic Report on pages 4-13.

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. Chair and Vice Chair are appointed annually.

Name	Background	Date of appointment	Appointment expires	Committee Membership	Committee meetings attended in 21/22	Corporation meetings attended in 21/22
Julie Dougill (Chair from 1st Aug 20)	Local Authority	16 Dec 2014	15 Dec 2026	Search and Governance Finance Remuneration	3/3 6/6 1/1	14/14
Jeremy Kerswell (Principal)	Plumpton College Principal	5 Oct 2015	N/A	Search and Governance Finance	3/3 6/6	14/14
Helen Atkinson	Finance Education	17 Sept 19	16 Sept 23	Finance	6/6	12/14
Mike Atkinson	Industry / civil service / accountancy	18 Dec 2002 Re-appointed July 10, Dec 12, Dec 14, Dec 15, Dec 16, Oct 17, Oct 18 & Oct 19, Oct 20, Dec 21	5 Dec 2022	Audit Remuneration	4/4 1/1	13/14
Fiona Chalk	Governance	1 Jan 2021	28 Feb 2022	Search and Governance	2/2	5/8

Name	Background	Date of appointment	Appointment expires	Committee Membership	Committee meetings attended in 21/22	Corporation meetings attended in 21/22
				Finance	2/3	
Owen Dique	Student Governor	23 Nov 2021	31st July 2022	n/a	n/a	9/11
Sarah George	Academic Staff Governor	28 Apr 20	27 Apr 24	n/a	n/a	10/11
Doug Jackson	Business / Agriculture	26 June 19	25 June 2023	Search & Governance Finance Remuneration	2/3 4/6 1/1	8/14
Hilary Knight	Food and Drink Business	1 Jan 2021	31 Dec 2025	Search & Governance	2/3	11/14
Timothy Laker	Education and Construction projects	4 Jul 2017 & Oct 20	3 Jul 2025	Audit	2/4	6/14
John Moore-Bick (Vice Chair from 1st Aug 21 to 31 July 22)	Armed Forces	15 Dec 2015 & 22 Oct 2019	14 Dec 2023	Search and Governance Remuneration	3/3 1/1	12/14
Gillian Payne	Staff Governor	28 Sept 2021	27 Sep 2025	n/a	n/a	12/14
Peter Taylor	HE	1st August 2021	31 July 2025	n/a	n/a	11/14
Stephen Waite (Vice Chair from 1st Aug 22)	HE	5 Jun 18	4 Jun 2022	Audit	4/4	10/14
Paul Layzell	HE	1st September 2022	31st Aug 2026	n/a	n/a	n/a
Tamara Roberts	Wine	1st September 2022	31st Aug 2026	n/a	n/a	n/a
Scott O'Brien	Finance	8th November 2022	7 Nov 26	n/a	n/a	n/a
Steve Webb		8th November 2022	7 Nov 26	n/a	n/a	n/a

In addition the Corporation has co-opted the following non-members to sit on its Committees/Corporation. The Corporation is grateful for the expertise and insights these co-optees brought to the work of its Committees during the year.

Name	Background	Date of appointment	Appointment expires	Committee Membership	Committee meetings attended	Corporation meetings attended
Yvonne Hopkins	*Co-opted Member of Audit Committee*	*22 Jan 2019*	*21 Jan 2023*	*Audit Committee*	2/4	n/a
Mark Filsell	*Co-opted Member of Audit Committee*	*25 May 2021*	*24th May 2025*	*Audit Committee*	1/4	n/a

Fiona Chalk left the Corporation during the year. Corporation would like to thank her for her valued contribution. Corporation would also like to thank Owen Dique for his valued contribution as Student Governor during the year.

It is the Corporation's responsibility to set and regularly review the College's mission and strategic objectives, to agree the framework for managing risk, and to articulate the Corporation's risk appetite. Governors bring independent judgement to bear on 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 personnel-related matters such as health and safety and environmental issues. The Corporation meets on a monthly basis, and may reach decisions between meetings by correspondence.

The Corporation also conducts business through a small number of committees. Each committee has terms of reference, which have been approved by the Corporation; these are available on the College's website. These committees are Audit, Finance Remuneration and Search and Governance. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at the College's registered address.

In addition to its formal committees, the Corporation has linked each external governor to one or more business or business support areas, involving regular meetings with both the senior and middle management in each area. This helps Governors to take the pulse of the College and improves the depth of Corporation discussion; it also makes the specialist expertise and insights of governors more accessible to managers.

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

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are provided on an ad hoc basis.
The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate; the Chair's role has been defined in writing.

Appointments to the Corporation
Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance committee, consisting of six members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Search and Governance Committee is guided by an analysis of the skills the Corporation requires and by the aim of ensuring an appropriate diversity of experience, age, and gender on the Governing Board. The Corporation is responsible for ensuring that appropriate training is provided as required. All new Governors receive induction training. As regards subsequent governor development, most monthly Corporation meetings are preceded by an in-depth briefing on new College initiatives or external developments such as new regulations or Government policies. Governor training in 2021/22 included Safeguarding, Site Master Plan, Curriculum Implementation, Equality and Diversity delivered by an external experienced manager, Finance, T levels delivered by ETF. Governors are also encouraged to attend external courses. Governors attended the AoC Finance Masterclasses, AoC Governor Inductions, AoC Governance Summit and Regional Governance Conference. The Clerk attended the ETF Governance Development Online series of events for governance professionals and attended AoC Clerks network meetings.

Members of the Corporation are appointed for a term of office not exceeding four years. Under the Code of Good Governance for English Colleges, governors should not normally serve more than two terms. One external governor in 2021/22 had served more than two terms. We believe that at a time of immense change in the further education landscape it is particularly important to hold on to experienced and strongly-contributing governors. The Corporation believes that reappointment beyond two terms calls for explicit justification, and should normally be limited to further terms of only one or two years duration. The performance of individual governors is taken into account in considering re-appointments, and is particularly searching on a second or subsequent re-appointment. During the year, on the recommendation of the Search and Governance Committee, we re-appointed Mike Atkinson for a further 1-year term. Mike Atkinson was a member of the AoC Governors Council and the insights he provided from this role were very valuable to our discussions. Mike Atkinson will retire at the end of his term of office in December 22. In September 2022, on the recommendation of the Search and Governance Committee, we re-appointed Julie Dougill for a third 4-year term of office. Julie has 100% attendance record for meetings in 21/22 and has made a significant governor contribution. In reaching a decision to re-appoint, consideration was given to the skills required by the board, continuity of leadership at the launch of a new strategy (Julie has served as Chair for only two years (much of which has been atypical due to Covid)) and succession planning for a new Chair including a hand over period.

Corporation performance
The Corporation and each of its Committees formally appraises its performance each year. The appraisal covers its effectiveness and efficiency in discharging its terms of reference. This annual appraisal is also an opportunity to review the terms of reference for committees.
The performance of individual governors is formally reviewed by the Search and Governance Committee in the context of a proposed re-appointment, and is particularly searching on a second or subsequent re-appointment. This formal appraisal is supplemented by an annual self-assessment by each governor comprising a one-to-one meeting between the governor and the Corporation Chair or Vice Chair at which the governor's past performance and potential future contribution or development needs are discussed, together with the governor's views on how the Corporation is organised and run.

An External Board Review was completed by Shirley Collier in the summer term 2022. Shirley found that '*Governance is strong at Plumpton College because governors are closely involved in shaping strategy, structures, processes and relationships in place to monitor and scrutinise implementation, including through the Finance Committee, and there is ambition, pace, challenge; and stretch. There is an appropriate mix of skills and experience and a team ethos; the board culture/style of achievement and trust encourages challenge and all governors contribute to the college's success.* Furthermore, '*Governance overall is effective and the board has increasing impact on the college's activities and outcomes. Assessment against the Association of College's key effectiveness features shows that the board is highly proficient.*'
Highlights from the action plan include the creation of a Task and Finish Group to look at educational quality, academic and curriculum matters as well as safeguarding and student experience, enhancements to the Link Governor scheme, reconsidering the process by which students are selected to become governors and strengthening the staff and student governor induction process.

Remuneration Committee
Throughout the year ending 31 July 2022 the College's Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and Clerk. The Committee evaluate the specific remuneration packages of the Principal against:

- Recent performance (summary to be provided by the Chair as line manager, who is responsible for completing appraisals and setting targets for the Principal)
- Benchmarking data, including the AoC Senior Post Holders pay survey
- The college's approach to rewarding all of its staff, and in particular, consideration is given annually to the rate of increase of the average remuneration of all other staff.

Remuneration of other managers and staff is the responsibility of the Principal. In determining pay of Senior Staff the Principal will consider recent performance (using the college appraisal system), market rate and the rate of increase of the average remuneration of all other staff. All staff must request permission from the Principal if they intend to take on external work. The Clerk maintains a Register of Senior Staff's Interests and Senior Staff are requested to disclose annually all business interests. Corporation formally adopted the AoC Senior Staff Remuneration Code on 26th February 2019 and has due regard to" the "Higher Education Senior Staff Remuneration Code" published by the Committee of University Chairs. Apart from the Principal and staff governors, Corporation members are not remunerated. Details of remuneration for the Year Ended 31 July 2022 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises three members of the Corporation (excluding the Accounting Officer and Chair) and two Co-opted members. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee's core task is to oversee the work of the external auditors (the 'financial statements auditors') in accordance with the Post 16 Audit Code of Practice prescribed by the ESFA, but also to oversee the College's other audit and assurance work and to monitor implementation of the recommendations for improved controls that flow from this. During 2017/18 the Corporation moved to monthly meetings, and discontinued its main Committees (Academic and F&GP). This had a significant effect on the role of the Audit Committee. The Committee now oversees directly non-financial assurance work which was previously commissioned and overseen by other committees. This calls for a wider range of skills; the membership of the Audit Committee has been adjusted to provide this. At the same time more feedback from external assurance work is now being taken directly to Corporation. Its monthly meetings allow prompt endorsement of improvement measures identified by external reviews.

The Audit Committee advises the Corporation on the appointment of internal and external auditors, and their remuneration. It prioritises the internal audit programme and oversees implementation of agreed recommendations. It shapes the scope of the external audit and the management letter that flows from it. The Committee focuses not only on finance but also looks for wider assurance on internal controls, quality monitoring and management information systems. The Committee prepares an annual report to the Corporation on the robustness of the internal control system and on possible areas for improvement. Mazars were appointed in June 2018 on a three-year contract, which has now been extended on two occasions for one year each time, following an invitation for expression of interest from alternative providers. ICCA (Internal Auditors) completed two internal audits' in the year; Mock Funding Audit and One Garden Brighton Cash and Stock Controls. A third audit was deferred to 22/23. Further audit and assurance work were completed by specialists e.g. EEUK completed a Health and Safety audit.

The audit committee met four times in the year to 31 July 2022. The members of the committee and their attendance records are shown below:

Committee member	Meetings attended
Mike Atkinson	4/4
Tim Laker	2/4
Stephen Waite	4/4
Yvonne Hopkins (Co-opted Member)	2/4
Mark Fillsell (Co-opted Member)	1/4

Internal control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is 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 Plumpton College for the Year Ended 31 July 2022 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, a system of delegation and accountability, and a risk based approach (including an evaluation of the likelihood and impact of risks becoming reality). In particular, it includes:

- long-term strategic objectives through to 2027 agreed by the Corporation and supported by a suite of key performance measures
- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing Board
- regular reviews by the governing board of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- the adoption of formal project management disciplines, where appropriate.

The College's internal and external auditors operate in accordance with the ESFA's Post 16 Audit Code of Practice. Their work is informed by an analysis of the risks to which the college is exposed.

Control weaknesses identified

No significant concerns on internal controls were raised during the course of the 2022 external audit by Mazars.

Risks faced by the Corporation

Key risks are covered within the strategic report. Risk assessment and internal control are embedded on ongoing operations. Corporation regularly reviews the risk register, which covers business, operational and compliance risk as well as financial risk and the risk policy every two years. In addition, papers including the Principal's report, Management Accounts and project updates include dedicated sections reporting risk.

Responsibilities under funding agreements

Corporation is responsible for ensuring that the College's funds are used only in accordance with the Corporation's powers as set out in the Further and Higher Education Act 1992 and the College's own statutory duties and other obligations. Policies and procedures are in place that set powers of authorisation and situations where corporation approval is required. An independent clerk supports the governance function, and the corporation's decision-making.

Statement from the audit committee

The audit committee has advised the board of governors that the Corporation has an effective framework for governance and risk management in place. The audit committee believes the Corporation has effective internal controls in place.
The specific areas of work undertaken by the audit committee in 2021/22 and up to the date of the approval of the financial statements are:

- monitored, and tracked the follow-up of external assurance work conducted by regulatory/funding bodies and by the internal auditors, together with internal assurance reviews conducted by management; this assurance work covered not only financial controls but also controls over academic quality, equality and diversity and procurement.
- agreed a prioritised internal audit work programme based on the 3-year outline programme agreed last year, but updated for evolving judgements on key areas of risk.
- carried out ad hoc reviews of financial aspects of the college, including policies and issues referred to it by the Corporation for detailed consideration.

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

- The work of internal auditors
- the work of the Finance Director and other executive managers at the College with responsibility for development and maintenance of the internal control framework;
- upward reports from departments setting out current performance against key performance indicators and prospective risks;
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, in their management letters and other reports
- the programme of external assurance and audit agreed with the Audit Committee.

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. SMT and Audit Committee have a programme of audit and assurance work, both internal and external, and framed by reference to risk, which they regularly review and roll forward. The reports include recommendations for improvement, and SMT and Audit Committee monitor their implementation. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

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 board and the safeguarding of their assets"*.

Key management personnel
Key management personnel are defined as members of the College Senior Management Team and were represented by the following in 2021/22:

J Kerswell	Principal; Accounting officer
C Knell	Finance Director
J Hibbert	Deputy Principal
P Tanghe	Vice Principal
J Buckley	Vice Principal
S Jeffers	HR Director

Professional advisers

Financial statements auditors and reporting accountants
Mazars LLP
2nd Floor, 6 Sutton Plaza, Sutton Court Road, Sutton, Surrey, SM1 4FS

Internal Auditors
ICCA Education, Training and Skills Limited
Registered Office: 11th floor, McClaren House, 46 Priory Queensway, Birmingham, B4 7LR

Bankers
Clydesdale Bank plc (Virgin Money)
170 North Street, Brighton, BN1 1EA

Solicitors
Brachers
Head Office, Somerfield House, 59 London Road, Maidstone, Kent, ME16 8JH

Approved by order of the members of the Corporation on 7th November 2023 and signed on its behalf by:

J Kerswell
Accounting Officer

Julie K Dougill

J Dougill
Chair of Governors

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

The corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the corporation's grant funding agreements and contracts with the ESFA. As part of our consideration we have had due regard to the requirements of grant funding agreements and contracts with the ESFA.

We confirm on behalf of the corporation that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the terms and conditions of funding, under the corporation's grant funding agreements and contracts with the ESFA, or any other public funder.

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

J Kerswell	**J Dougill**
Accounting officer	**Chair of governors**
7th November 2023	**7th November 2023**

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY

To: The corporation of Plumpton 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 August 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 Plumpton College during the period 1 August 2021 to 31 July 2022 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by 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 Plumpton 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 Plumpton 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 Plumpton College and ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Plumpton College and the reporting accountant

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

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the financial memorandum with the ESFA/funding agreement with the ESFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.

Conclusion

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

Mazars LLP
Mazars LLP (Mar 18, 2024 21:53 GMT)

Mazars LLP
Chartered Accountants and Statutory Auditor
2ndFloor, 6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

Date: 18 March 2024

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

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

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

The Corporation is also required to prepare a Members' Report 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 corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA, and any other public funds, are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA, or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place 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 the ESFA and other public bodies are not put at risk. Approved by order of the members of the Corporation on 7th November 2023 and signed on its behalf by

Julie. K Dougill

J Dougill
Chair of Governors

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF PLUMPTON COLLEGE

Opinion

We have audited the financial statements of Plumpton College (the 'College') and its subsidiary (the 'group') for the year ended 31 July 2022 which comprise the Consolidated and College Statement of Comprehensive Income and Expenditure, the Consolidated and College Statement of Changes in Reserves, the Consolidated and College Balance Sheet, the Consolidated and College Statement of Cashflows and 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) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and College's affairs as at 31 July 2022 and of the Group's and College's deficit/surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information contained within the annual report. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the report of the Members of the Corporation, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Corporation

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

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the College and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: compliance with the ESFA funding agreements, the OfS regulatory framework, the OFSTED regulatory framework, safeguarding, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the College is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the College which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation.

In addition, we evaluated the governors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to defined benefit pension valuation assumptions, income recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Members of the Corporation and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Other required reporting

Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions attached to them; and
- the requirements of OfS's accounts direction have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the OfS Audit Code of Practice requires us to report to you if, in our opinion:

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

Use of the audit report

This report is made solely to the Corporation as a body in accordance with Article 22 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 them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and College and the Corporation as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP

Mazars LLP (Mar 18, 2024 21:53 GMT)

Mazars LLP
Chartered Accountants and Statutory Auditor
2nd Floor, 6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

Date: 18 March 2024

PLUMPTON COLLEGE

Statement of Comprehensive Income

For the year ended 31 July (£'000)

	Notes	2022 Group	2022 College	2021 Group	2021 College
Income					
Funding body grants	2	11,207	11,207	10,120	10,120
Tuition fees and education contracts	3	4,351	4,351	3,499	3,499
Other grants and other contracts	4	5	5	356	356
Other income	5	6,180	5,090	4,278	3,791
Total income		**21,743**	**20,653**	**18,253**	**17,766**
Expenditure					
Staff costs including FRS102 pension adjustment	6	13,246	12,475	11,388	11,045
Other operating expenses	8	7,910	7,269	6,140	5,779
Depreciation	10	1,278	1,278	1,158	1,158
Interest and other finance costs	9	175	171	77	75
Total expenditure		**22,609**	**21,193**	**18,763**	**18,057**
Operating deficit		(866)	(540)	(510)	(291)
Pension finance costs	9	200	200	153	153
Deficit before other gains and losses		(1,066)	(740)	(663)	(444)
Profit on disposal of assets		44	44	847	847
(Deficit)/surplus before tax		(1,022)	(696)	184	403
Taxation	18	-	-	-	-
(Deficit)/surplus for the year		(1,022)	(696)	184	403
Actuarial gain/(loss) in respect of pension schemes	23	12,444	12,444	(2,307)	(2,307)
Return on assets	23	325	325	2,000	2,000
Total Comprehensive Income/(Expenditure) for the year		**11,747**	**12,073**	**(123)**	**96**

All items of income and expenditure relate to continuing activities.

Excluding FRS102 defined benefit pension obligations	2022	2021
Operating deficit	(866)	(510)
FRS102 pension adjustment to staff costs	1,520	1,085
Adjusted operating surplus	**654**	**575**

PLUMPTON COLLEGE
Statement of Changes in Reserves
For the year ended 31 July (£'000)

	Income and expenditure account	Revaluation reserve	Total
Group			
Balance at 31 July 2021	**(1,212)**	**2,651**	**1,439**
Deficit from income and expenditure	(1,022)	-	(1,022)
Other comprehensive income	12,769	-	12,769
Transfers between revaluation and reserves	135	(135)	-
Total comprehensive income/(expenditure) for the year	11,882	(135)	11,747
Balance at 31 July 2022	**10,670**	**2,516**	**13,186**
College			
Balance at 31 July 2021	**(993)**	**2,651**	**1,658**
Deficit from income and expenditure	(696)	-	(696)
Other comprehensive income	12,769	-	12,769
Transfers between revaluation and reserves	135	(135)	-
Total comprehensive income/(expenditure) for the year	12,208	(135)	12,073
Balance at 31 July 2022	**11,215**	**2,516**	**13,731**

PLUMPTON COLLEGE

Balance Sheet

At 31 July 2022 (£'000)		**2022**		**2021**	
		Group	**College**	**Group**	**College**
Non current assets					
Tangible fixed assets	10	31,016	31,016	24,826	24,826
Current assets					
Stock		1,168	1,117	1,204	1,190
Trade and other receivables	11	2,353	2,857	2,140	2,131
Cash at bank and in hand	16	1,570	1,523	2,297	2,092
		5,091	5,497	5,641	5,413
Creditors: Amounts falling due within one year	12	(6,439)	(6,300)	(4,450)	(4,003)
Net current (liabilities)/assets		(1,348)	(803)	1,191	1,410
Total assets less current liabilities		**29,668**	**30,213**	**26,017**	**26,236**
Deferred capital grants	13	(13,171)	(13,171)	(10,069)	(10,069)
Creditors: Amounts falling due after one year	13	(1,551)	(1,551)	(1,683)	(1,683)
		14,946	15,491	14,265	14,484
Provisions					
Defined benefit obligations	17	(1,760)	(1,760)	(12,808)	(12,808)
Other provisions	17	-	-	(18)	(18)
Total net assets including pension liability		**13,186**	**13,731**	**1,439**	**1,658**
Unrestricted reserves					
Income and expenditure account		10,670	11,215	(1,212)	(993)
Revaluation reserve		2,516	2,516	2,651	2,651
Total unrestricted reserves		**13,186**	**13,731**	**1,439**	**1,658**

The financial statements were approved by the Corporation and authorised for issue on 7th November 2023 and were signed on its behalf on that date by:

Julie. K. Dougill

J Kerswell
Accounting Officer

J Dougill
Chair of Governors

PLUMPTON COLLEGE

Statement of Cash Flows

For the year ended 31 July (£'000)

	2022		2021	
	Group	**College**	**Group**	**College**
Cash flows from operating activities				
(Deficit)/surplus for the year	(1,022)	(696)	184	403
Adjustment for non cash items				
Depreciation	1,278	1,278	1,158	1,158
Decrease/(increase) in stocks	36	73	(1)	13
(increase) in debtors	(213)	(726)	(1,069)	(1,060)
Increase in creditors due within one year	891	1,199	1,159	711
(Decrease) in creditors due after one year	(855)	(855)	(602)	(601)
(Decrease)/increase in other provisions	(18)	(18)	18	18
Decrease in pension provision	(11,048)	(11,048)	-	-
Actuarial gain on assets of pension scheme	12,769	12,769	1,085	1,085
Adjustment for investing or financing activities				
Interest payable	175	171	77	75
Pension finance cost	200	200	153	153
Profit on sale of fixed assets	(44)	(44)	(847)	(847)
Net cash flow from operating activities	2,149	2,303	1,315	1,108
Cash flows from investing activities				
Proceeds from sale of fixed assets	92	92	941	941
Capital grant receipts	3,957	3,957	2,632	2,632
Payments made to acquire fixed assets	(7,516)	(7,516)	(3,215)	(3,215)
Net cash flow from investing activities	(3,467)	(3,467)	358	358
Cash flows from financing activities				
Interest paid	(175)	(171)	(77)	(75)
Pension finance costs	(200)	(200)	-	-
New unsecured loans	2,843	2,843	13	13
Finance lease additions less repayments	97	97	-	-
Repayments of amounts borrowed	(1,974)	(1,974)	(249)	(249)
Net cash flow from financing activities	591	595	(313)	(311)
(Decrease)/increase in cash equivalents in the year	(727)	(569)	1,360	1,155
Cash and cash equivalents at the beginning of the year	2,297	2,092	937	937
Cash and cash equivalents at the end of the year	1,570	1,523	2,297	2,092

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

1 ACCOUNTING POLICIES

The Corporation aims to apply accounting policies which are towards the conservative end of the FE accounting spectrum.

Statement of accounting policies

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

(a) Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP) the College Accounts Direction for 2020-21 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland". (FRS102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

(b) Basis of accounting

The financial statements are prepared under the historical cost convention.

(c) Going concern

These financial statements have been prepared on the Going Concern basis. 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 has a single loan on terms negotiated in 2008 (Note 14). The terms of the existing agreement are for 20 years. The College approved new banking facilities in July 2021 and completed the transition of its current loan on comparable terms, £1m overdraft facility and banking facilities to Virgin Money in Autumn 2021.

The College forecasts and financial projections indicate that it will be able to operate within these facilities and covenants for the foreseeable future.

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

(d) Recognition of income

Revenue Grant Funding: Government revenue grants include funding body recurrent grants and other grants 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. Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met.

1 ACCOUNTING POLICIES (continued)

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.

Deferred Grants: Where part of a 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.

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.

Agency agreements: 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.

Donations and legacies: Donations (except in relation to legacies) are accounted for when receivable. The level of income from legacies is not material but they are recognised where there is clear entitlement, the amount can be accurately measured and there is reasonable probability of receipt.

Investment income: All income from short term deposits is credited to the statement of comprehensive income in the period in which it is earned on a receivable basis.

Income from commercial activities: Income raised through the operation of commercial activities and related trading activities under the College's management, such as the farm and viticulture, is taken into account at the point at which ownership of the goods or services transfers to the customers.

Other income: All other income is recognised once the College has entitlement to the resources, it is probable (more likely than not) that the resources will be received and the monetary value of income can be measured with sufficient reliability.

(e) 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 (Note 23).

In accordance with FRS102 section 28, the Statement of Comprehensive Income includes:

- The cost of benefits accruing during the year in respect of current and past service (staff costs)
' - Net interest on the net defined benefit liability/asset (pension finance costs)
- Actuarial gains and losses are recognised immediately (Actuarial gain/(loss) in respect of pension schemes)

Post-employment benefits to employees of the Group are principally provided by Nest, a defined contribution plan.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

1 ACCOUNTING POLICIES (continued)

(f) Short term employment benefits

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.

(g) Fixed assets

Expenditure in respect of buildings, motor vehicles, plant and equipment, computer hardware and software and fixtures and fittings is treated as an asset and capitalised when:
- it is recognised as having been purchased for long-term use,
- has a useful life greater than one reporting period, and
- is not likely to be converted quickly into cash.

Expenditure in relation to the above items costing less than £2,500 is written off to the statement of comprehensive income in the period of acquisition. The exception to this is where items each costing less than £2,500 in relation to one item when aggregated would exceed this value.
Grant funded assets: Where assets are acquired with the aid of specific grants, the asset is capitalised and depreciated in accordance with the policy stated below. The related grant is credited to a deferred grant account and released to the income and expenditure account over the expected useful economic life of the related asset.

Inherited Assets: The College was incorporated on 1st April 1993. At 31st July 1994, the assets which were inherited from the Local Authority were independently valued and included in the Balance Sheet at the valuation provided at this time. Any difference in respect of buildings between the valuation and the historic cost was credited to a revaluation reserve and is being released to the statement of comprehensive income in equal sums over a 30 year period.
FRS 102 revaluations: On 1st August 2014, in accordance with the transitional provisions governing the introduction of FRS 102, the College revalued all its land (but not its buildings to the market value. This was a one-off revaluation and the College has opted not to carry out regular subsequent valuations.

Assets under construction: Accounted for at cost, based on the value of architects' certificates (or other form of professional valuation) and other direct costs, incurred to 31st July. They are not depreciated until they are brought into use, when a full year's depreciation is charged in the first year.

Subsequent expenditure: Where expenditure is incurred on modifying, refurbishing, updating, prolonging or otherwise improving tangible fixed assets it is charged to the statement of comprehensive income in the period it is incurred, unless it both exceeds £10,000 and:

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July (£'000)

1 ACCOUNTING POLICIES (continued)

- In respect of non-specialised buildings capable of independent disposal, the market value of the fixed asset is significantly improved as a result of the expenditure, or
- The earnings capacity of the asset is significantly increased, either in volume or price terms (or both), or
- There is a subsequent reduction in operating costs, or
- The expenditure is likely to extend the asset's life by a period equivalent to its original book life, in which case it is capitalised and depreciated on the relevant basis.

Acquired computer software licences: Initially capitalised at cost, which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software. Costs associated with maintaining the computer software or recurring licencing fees are recognised as an expense when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the statement of comprehensive income using the straight-line method over their estimated useful lives.

Disposals: An asset is derecognised upon disposal or when there is no future economic benefit to the College. On disposal of an item, the difference between the disposal proceeds and its carrying amount is recognised in the statement of comprehensive income within the profit or loss on disposal account. Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property (excluding land), plant and equipment, motor vehicles, fixtures and fittings and IT equipment over their expected useful lives.

A full year's depreciation is charged in the year of acquisition, no charge is made in the year of disposal.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revision are recognised in the statement of comprehensive income when the change of estimation arises.

Asset Type (years)	Years
Land	N/A
Buildings	Up to 50
Vehicles	8
Plant and Equipment	8
Fixtures and Fittings	4
Computers	4

1 ACCOUNTING POLICIES (continued)

(h) Leased assets

Costs in respect of operating leases are charged on a straight line basis over the lease term. Any lease premiums or incentive relating to leases signed after August 2014 are spread over the minimum lease term. Any assets acquired under finance leases are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

(i) Investments

Investment in subsidiaries are measured at cost less impairment. Plumpton College owns the whole of the issued share capital of One Garden Brighton Limited amounting to £1 (1 ordinary share of £1) which was incorporated on 17th July 2019 and began trading on 29th March 2021.

(j) Inventories (Stock)

All material inventories are stated at the lower of cost on a first in first out basis; and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks. Farm stock valuation is carried out by a firm of independent professional valuers.

(k) Cash and cash equivalents

Cash at bank and in hand is held to meet the day to day running costs of the College as they fall due. Cash equivalents are short term, highly liquid measurements that are readily convertible to known amounts of cash with insignificant risk of change in value. They include cash in hand, deposits repayable on demand and overdrafts.

(l) 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 the statement of comprehensive income in the period in which they arise.

(m) Debtors

Debtors are amounts owed to the College. They are provided for in the Balance Sheet on the basis of their recoverable amount. Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method in accordance with FRS 102, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The College has applied a simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

1 ACCOUNTING POLICIES (continued)

(n) Taxation

Corporation Tax: 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 Chapter 3 Part 11 Corporation Tax 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.

Value Added Tax: The College is partially exempt in respect of Value Added Tax, so that it can only recover a proportion of VAT charged on its inputs. In view of the level of complexity of the calculations involved in order to arrive in calculating the amount of input VAT which is Irrecoverable and the inability to subsequently separately identify which VAT is not recovered, it is not possible to reapportion this VAT between the costs of such inputs or the cost of tangible fixed assets as appropriate. As a result of this, the irrecoverable VAT is reflected as an aggregated cost line in the Financial Statements.

(o) 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 and obligation.

Were 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 are not recognised in the Balance Sheet.

(p) Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

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

For the year ended 31 July (£'000)

1 ACCOUNTING POLICIES (continued)

Other key sources of estimation uncertainty

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed (Note 23), will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

- Tangible fixed assets

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

OfS Income Reporting	**2022**	**2021**
Grant income from the Office for Students (note 2)	174	143
Fee income for taught awards (note 3)	1,376	1,117
Total Income	**1,550**	**1,260**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

	2022		2021	
	Group	College	Group	College
2 FUNDING BODY GRANTS				
Education and Skills Funding Agency (study programmes)	9,032	9,032	8,420	8,420
Education and Skills Funding Agency (adult education)	1,151	1,151	854	854
Office for Students	174	174	143	143
Local Authority high needs funding	261	261	171	171
Specific Grants				
Education and Skills Funding Agency	-	-	-	-
Release of deferred capital grants	589	589	532	532
Total funding body grants	**11,207**	**11,207**	**10,120**	**10,120**

3 TUITION FEES AND EDUCATION CONTRACTS				
Adult education fees	1,106	1,106	965	965
Apprenticeship fees and contracts	1,284	1,284	1,008	1,008
Fees for Further Education loan supported courses	470	470	325	325
Fees for Higher Education loan supported courses	1,376	1,376	1,117	1,117
	4,236	4,236	3,415	3,415
Education contracts	115	115	84	84
Total tuition fees and education contracts	**4,351**	**4,351**	**3,499**	**3,499**

4 OTHER GRANTS AND OTHER CONTRACTS				
Coronavirus job retention scheme	5	5	360	360
Other grants and other contracts	-	-	(4)	(4)
Total other grants and other contracts	**5**	**5**	**356**	**356**

5 OTHER INCOME				
Catering and residence operations	951	950	590	590
Farming activities	1,609	1,609	1,560	1,560
Other income generating activities	312	339	244	244
Rents and lettings	105	101	80	80
Other grant income	1,229	1,229	792	792
Other income	1,974	862	1,012	525
Total other income	**6,180**	**5,090**	**4,278**	**3,791**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

	2022		2021	
	Group	**College**	**Group**	**College**
6 STAFF COSTS				
Wages and salaries	9,062	8,383	7,911	7,605
Social security costs	860	811	732	709
Other pension costs	1,568	1,555	1,458	1,455
	11,490	10,749	10,101	9,769
Contracted out staffing costs	236	206	180	169
Fundamental restructuring costs	-	-	22	22
FRS102 adjustment (Note 23)	1,520	1,520	1,085	1,085
Total staff costs	13,246	12,475	11,388	11,045

The Corporation does not have any salary sacrifice arrangements in place.
None of the staff involved in the restructuring were members of the Senior Management Team.

The average number of persons (including key management personnel) employed by the College during the period, analysed by category and described as full time equivalents, was as follows. This excludes agency, bank and short course lecturer fees.

	2022		2021	
	Group	**College**	**Group**	**College**
Teaching staff	105	105	98	98
Non teaching staff	177	157	151	143
	282	262	249	241

7 EMOLUMENTS OF 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 Senior Management Team which comprises of the Principal, Deputy Principal, Vice/Assistant Principals, Finance Director and Human Resources Director.

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was as follows. There is no performance related pay and all staff including the accounting officer receive the same cost of living pay award.

Total emoluments include amounts payable to the Accounting Officer, who is also the highest paid officer, the Principal and Chief Executive Officer.

For the year ended 31 July (£'000)	2022	2021
7 EMOLUMENTS OF KEY MANAGEMENT PERSONNEL (continued)		
£60,001 to £65,000	1	3
£65,001 to £70,000	1	-
£70,001 to £75,000	1	-
£80,001 to £85,000	-	1
£85,001 to £90,000	1	1
£90,001 to £95,000	1	-
£130,001 to £135,000	-	1
£140,001 to £145,000	1	0
The number of key management personnel including the Accounting Officer:	6	6
Salary	507	473
National Insurance	64	58
Other emoluments	21	18
Pension contributions	113	103
Total emoluments of key management personnel	705	652
Salary	124	121
National Insurance	16	15
Other emoluments	21	20
Pension contributions	34	33
Total emoluments of accounting officer	195	189
Accounting Officer Pay Multiple		
Basic salary divided by median pay of all other employees	4.1	4.2
Total emoluments divided by median pay of all other employees	6.4	6.6

The pension contribution in respect of the Accounting Officer are in respect of employer's contributions to the Teachers' Pension Scheme and are paid at the same rate as for other employees. "Other emoluments" relate to the occupancy of the College property by the Accounting Officer for the better performance of his duties. This is a condition of his employment, and as such is not liable to income tax or national insurance. The emolument is however pensionable. The value of the emolument, i.e. the rental equivalence, is re-assessed every two years. However under the rules of the Teachers' Pension Scheme the pensionable element of this residence emolument is capped at one-sixth of the Principal's salary. The members of the Corporation other that the Principal and staff members did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. The Principal's expenses for the year were less than £5k.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

	2022		2021	
	Group	**College**	**Group**	**College**
8 OTHER OPERATING EXPENSES				
Teaching costs	809	779	626	620
Non teaching costs	4,699	4,093	3,557	3,235
Examination costs	508	508	431	431
Premises costs	1,894	1,889	1,526	1,493
Fixed asset impairment costs	-	-	-	-
Total other operating expenses	7,910	7,269	6,140	5,779
Other operating expenses include:				
Financial statements and regularity audit	37	37	45	45
Internal audit and assurance	9	9	5	5
Hire of plant and machinery - operating leases	184	184	98	98
	230	230	148	148
Other operating expenses include OfS Access and participation spending:				
Access investment	-	-	-	-
Financial support to students	40	40	51	51
Disability support	-	-	-	-
Research and evaluation (relating to access and participation)	-	-	-	-
	40	40	51	51

	2022		2021	
	Group	**College**	**Group**	**College**
9 INTEREST AND OTHER FINANCE COSTS				
On bank loans, overdrafts and other loans	175	171	77	75
Net interest on defined pension liability (Note 23)	200	200	153	153
Total interest and other finance costs	375	371	230	228

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

10 TANGIBLE FIXED ASSETS	Leasehold improvement	Freehold land and buildings	Assets under construction	Equipment	Total
COST OR VALUATION					
At 1 August 2021	56	37,916	1,623	6,718	46,313
Transfers	-	-	(97)	85	(12)
Additions	-	105	6,121	1,290	7,516
Less: Disposals	-	(232)	-	(174)	(406)
Less: Impairment	-	-	-	-	-
At 31 July 2022	56	37,789	7,647	7,919	53,411
DEPRECIATION					
At 1 August 2021	-	16,183	-	5,304	21,487
Charge for year	-	660	-	618	1,278
Less: Disposals	-	(217)	-	(153)	(370)
Less: Impairment	-	-	-	-	-
At 31 July 2022	-	16,626	-	5,769	22,395
NET BOOK VALUE					
At 31 July 2022	56	21,163	7,647	2,150	31,016
At 31 July 2021	56	21,733	1,623	1,414	24,826

Inherited land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost and subsequently under the transitional provision of FRS102 inherited land was revalued at 1st August 2014. Both revaluations were undertaken by firms of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Proactive and Guidance notes. Other tangible fixed assets inherited from the Local Education Authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis with the assistance of independent professional advice.
All fixed assets are owned by the College and accessed as required by the Group under a facilities management agreement.

The College inherited assets from the Local Authority following the 1992 Further and Higher Education Act and subsequently revalued some assts on adoption of FRS102. All non-land assets have been fully depreciated in the accounts. Land revaluation of £2,516k is non-depreciable and held in the revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July (£'000)

	2022		2021	
	Group	**College**	**Group**	**College**
11 TRADE AND OTHER RECEIVABLES				
Trade receivables	921	896	1,351	1,350
Prepayments and accrued income	1,072	1,072	519	495
Other taxation and social security	349	349	31	47
Intercompany debtor - amounts owed by subsidiary	-	530		
Other	11	10	239	239
Total trade and other receivables	**2,353**	**2,857**	**2,140**	**2,131**

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR				
Bank loans, overdrafts and finance leases (Note 14)	1,375	1,375	278	278
Payments received in advance	36	36	33	33
Trade payables	802	763	726	338
Other tax and social security	441	387	355	353
Other creditors	548	547	309	309
Accruals and deferred income	2,491	2,446	2,270	2,213
Deferred income - capital grants	746	746	479	479
Amounts owed to the ESFA	-	-	-	-
Total creditors within one year	**6,439**	**6,300**	**4,450**	**4,003**

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
Bank loans and finance leases (Note 14)	1,551	1,551	1,683	1,683
Deferred income - capital grants	13,171	13,171	10,069	10,069
Total creditors after more than one year	**14,722**	**14,722**	**11,752**	**11,752**

14 MATURITY OF DEBT				
(a) Bank loans and overdrafts				
Bank loans and overdrafts repayable in one year or less	1,294	1,294	252	252
Between one and two years	257	257	252	252
Between two and five years	810	810	749	749
In five years or more	356	356	595	595
Total	**2,717**	**2,717**	**1,848**	**1,848**

The College has a SALIX loan repayable in 2025, a loan repayable in 2028 and a dormant overdraft facility. In addition the College has a development facility, repayable within the year, which will become a long term loan on completion of a building project during 22/23 financial year.

For the year ended 31 July (£'000)

14 MATURITY OF DEBT (continued)

(b) Finance leases

	2022 Group	2022 College	2021 Group	2021 College
At 31 July the finance leases are as follows:				
Finance leases repayable in one year or less	81	81	26	26
Between one and two years	82	82	27	27
Between two and five years	46	46	60	60
In five years or more	-	-	-	-
Total finance leases	**209**	**209**	**113**	**113**

15 FINANCIAL COMMITMENTS

At 31 July the commitments (under non-cancellable operating leases) as follows:

	2022 Group	2022 College	2021 Group	2021 College
Land and Buildings				
Not later than one year	96	96	87	87
Later than one year and not later than five years	124	124	12	12
Later than five years	-	-	-	-
	220	**220**	**99**	**99**
Equipment				
Not later than one year	178	178	184	184
Later than one year and not later than five years	112	112	158	158
Later than five years	-	-	-	-
	290	**290**	**342**	**342**

16 CASH AND CASH EQUIVALENTS

	2022	Cashflow	2021
Cash and cash equivalents	1,570	(727)	2,297
Overdraft	-	-	-
Total cash and cash equivalents	**1,570**	**(727)**	**2,297**

17 PROVISIONS

	Total	Defined benefit obligations	Other
At 1 August 2021	(12,826)	(12,808)	(18)
Expenditure/additions in the period	11,066	11,048	18
At 31 July 2022	**(1,760)**	**(1,760)**	**-**

17 PROVISIONS (continued)

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme (Note 23).

18 TAXATION

The members of the Corporation do not consider the College is liable for any corporation tax arising out of its activities during this year.

19 CAPITAL COMMITMENTS

Construction is underway on Agrifood project to be completed in 2022/23, with total gross spend of £11m funded by a mixture of grants and a bank loan.

20 SUBSIDIARY UNDERTAKINGS

One Garden Brighton Ltd, a wholly owned subsidiary of Plumpton College was established in 2019 and began trading on 29th March 2021.

21 RELATED PARTIES

Due to the nature of the College operations and the composition of the Corporation (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 Corporation may have an interest. All transactions involving organisations in which a member of the Corporation may have an interest, are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. Transactions with the Education and Skills Funding Agency are detailed (Note 2, 12, 13).

The College holds a 27% interest in Woodland Enterprise Ltd (WEL), a company limited by guarantee (£1). WEL owns a leasehold site and facilities at Flimwell, at which it is seeking to develop skills in wood production and use. The College appoints two directors (currently the Principal and the Estate Manager) to the WEL Board. It has an arm's length sub-lease with WEL for two workshops on the site, and provides various management services to WEL. During the year rent was paid to WEL of £240 (2021 £240). This interest will end when the College disposes of the property.
The College owns the whole of the issued share capital of One Garden Brighton Limited amounting to £1 (1 ordinary share of £1) which was incorporated on 17th July 2019. At 31 July 2022 One Garden Brighton owed £0.545m (2021: £0.341m) to the College.

The Colleges is paying a governor for providing accommodation to a staff member who requires this to carry out the duties of their role, amounting to £6k (2021: Nil).

22 POST BALANCE SHEET EVENTS

On 29 November 2022, the Office for National Statistics reclassified all college corporations as public sector institutions with immediate effects and this prompted the Department for Education to introduce some new rules for colleges which will take effect during 2023. The college considers this announcement to be a non adjusting post balance sheet event and is evaluating the implications of the announcement and the potential new rules but do not consider that they will have an impact on these financial statements but may potentially affect the source of College funding for the Agrifood project.

For the year ended 31 July (£'000)

23 DEFINED BENEFIT OBLIGATION

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 East Sussex Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined-benefit plans.

The total pension cost for the year		**2022**		**2021**
Teachers Pension Scheme contributions paid		912		793
Local Government Pension contributions paid	643		662	
Local Government Pension FRS 102 (28) charge	1,520		1,085	
Charges to statement of comprehensive income (staff costs)		2,163		1,747
Total pension cost for the year within staff costs (Note 6)		**3,075**		**2,540**

Teachers' Pension Scheme

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

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

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

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

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021-22 academic year.

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

For the year ended 31 July (£'000)

23 DEFINED BENEFIT OBLIGATION (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit Scheme, with the assets held in separate funds administered by East Sussex County Council.

The agreed contribution rates for future years are 18.9% 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 2019 updated to 31 July 2022.

This is the first accounting period for which the report has been prepared by Barnett Waddingham LLP; previous disclosures were prepared by Hyman Robertson LLP.

	2022	**2021**
Rate of increase in salaries	2.75%	2.80%
Future pension increases	2.75%	2.80%
Discount rate for scheme liabilities	3.40%	1.60%

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

Retiring today		
Males	21.2	21.2
Females	23.8	23.7
Retiring in 20 years		
Males	22.1	22.0
Females	25.1	25.1

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

	Fair value	
Equities	14,198	13,483
Bonds	3,004	3,016
Property	1,703	1,315
Cash	424	355
Total market value of assets	**19,329**	**18,169**

The return on the Fund (on a bid value to bid value basis) for the year to 31 July 2022 is estimated to be 3.36%. The actual return on Fund assets over the year may be different.

Based on the above, the Employer's share of the assets of the Fund is approximately 0.42%.

For the year ended 31 July (£'000)	2022	2021

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

	2022	2021
Present value of the defined benefit obligation	21,089	30,977
Fair value of fund assets (bid value)	19,329	18,169
Net defined benefit liability	**(1,760)**	**(12,808)**

Amounts recognised in the Statement of Comprehensive Income in respect of the plan:

	2022	2021
Service cost	2,116	1,716
Net interest on the defined liability (asset)	200	153
Administration expenses	11	16
Total loss	**2,327**	**1,885**

Asset and Liability Reconciliation

	2022	2021
Defined benefit obligations at start of period	30,977	26,723
Current service cost	2,116	1,701
Interest cost	495	373
Change in financial assumptions	(12,532)	3,310
Change in demographic assumptions	-	(502)
Experience loss/(gain) on defined benefit obligation	88	(501)
Estimated benefits paid net of transfers in	(277)	(365)
Past Service costs, including curtailments	-	15
Contributions by Scheme participants and other employers	223	224
Unfunded pension payments	(1)	(1)
Total	21,089	30,977

Changes in fair value of plan assets

	2022	2021
Fair value of plan assets at start of period	18,169	15,460
Interest on plan assets	295	220
Return on plan assets	325	2,000
Administration expenses	(11)	(16)
Employer contributions	606	647
Contributions by Scheme participants	223	224
Estimated benefits paid	(278)	(366)
Total	19,329	18,169

For the year ended 31 July (£'000)	2022	2021
Amounts recognised in Other Comprehensive Income:		
Return on fund assets in excess of interest	325	2,000
Change in financial assumptions	12,532	(3,310)
Change in demographic assumptions	-	502
Experience (loss)/gain on defined benefit obligations	(88)	501
Total	**12,769**	**(307)**

McCloud/Sergeant Judgement

These accounts show a past service cost of £230 million in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 2% of the total scheme liability as at 31 July 2022. The calculation of adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

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

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% pa increase would increase the estimated cost by 65%.

CPI Assumption

Pension Increase Orders are used to set the level of pension increases with effect from 1 April of each year, with reference to the change in CPI inflation over the 12 months to the previous September, which was announced in October. This was 10.1% and was considerably higher than the CPI assumption set by employers as at 31 July 2022. Although Pension Increase orders have always been set with reference to the September CPI for the last 10 years and the September RPI for the preceding 20 years, they are not automatically set and they are only known with absolute certainty when the Pension Increase Order is enacted by Parliament, which is usually in April of the following year. Similarly, the likely level of the forthcoming Pension Increase Order 2023 was not known at 31 July. Consequently, no adjustment has been made to recognise the possible 2023 Pension Increase Order within the CPI assumption.