

# **THE ISLE OF WIGHT COLLEGE**

**Report and Financial Statements  
For the Year Ended 31 July 2023**

## Senior Management Team, Board of Governors and Professional advisers

### Senior management team

Ros Parker	Principal and CEO; Accounting officer from 01 September 2022
Debbie Lavin	Principal and CEO; Accounting officer to 31 August 2022
Fidelma Washington	Deputy Principal
Peter Thompson	Assistant Principal (Finance and Resources) to 31 March 2023
David Hodgkins	Acting Assistant Principal to (Students, Teaching & Learning and HR) to 31 December 2022
Samantha Rooney	Assistant Principal (SEND and Foundation Skills) from 01 January 2023
Ben Sheridan	Assistant Principal (Curriculum)

### Board of Governors

A full list of Governors is given on pages 22 - 26 of these financial statements.

Stephanie Taylor acted as Clerk to the Corporation throughout the period.

### Professional advisers

#### Financial statement auditors and reporting accountants:

RSM UK Audit LLP  
Highfield Court  
Tollgate  
Chandler's Ford  
Eastleigh  
Hampshire  
SO53 3TY

#### Internal auditors:

Southern Internal Audit Partnership  
Corporate Services  
Hampshire County Council  
The Castle  
Winchester  
SO23 8UB

#### Bankers:

Barclays Bank plc  
PO Box 60  
Newport  
Isle of Wight  
PO30 1XE

#### Solicitors:

Womble Bond Dickinson  
Oceana House  
39 – 49 Commercial Road  
Southampton  
SO15 1GA

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## **Report of the Members of the Corporation For the Period from 1 August 2022 to 31 July 2023**

### **OPERATING AND FINANCIAL REVIEW**

The members present their annual report together with the financial statements and auditor's report for the year ended 31 July 2023.

#### **Introductory Remarks**

The College was inspected by Ofsted in May 2017 and was awarded good for overall effectiveness. All other contributory grades awarded were good with the exception of both adult learners and the provision for learners with high needs which was considered outstanding.

#### **Summary of Ofsted key findings**

- Adult learning programmes and the provision for students in receipt of high-needs funding are outstanding. Students achieve their qualifications and develop a very good range of skills that prepare them well for employment.
- Apprentices make good progress from their starting points; the vast majority achieve their qualifications and contribute positively in their workplace. Most apprentices are given additional responsibilities, get promoted and gain permanent employment.
- Students develop good, industry-standard skills, attitudes and knowledge. As a result, the vast majority progress to employment or further study on completion of their programmes.
- Staff have created an environment where students feel valued. Behaviour is good, students enjoy their studies and they are respectful of each other.
- Senior managers and governors have an unremitting focus on the improvement of the quality of teaching and learning, which leads to sustained improvements in students' progress.
- Leaders, managers and governors are highly responsive to the needs of employers and the community, which they meet exceptionally well. As a result, they have designed a comprehensive curriculum and students have access to high-quality, industry-specialist facilities and resources.
- Students benefit from a very effective range of support services, which are implemented to enable all students to make good progress despite barriers to learning they may have.
- Too few students achieve functional skills qualifications in English and mathematics, and not enough achieve a grade A\* to C in GCSE English.
- Students benefit from effective target-setting, which ensures that they complete work and achieve their qualifications in a timely manner. However, teachers rarely set specific actions that support students to improve the standard of their work or focus on the development of their wider personal skills.

Key highlights for 2022-23 have been:

- Achievement rates for all qualifications for 2022-23 were 86%.
- GCSE achievement rates for English 16-18 were 76% and 18% of students achieved a 4-9 (high grade) and GCSE achievement rates for maths 16-18 were 81% with 9% of students achieving a 4-9 (high grade).

The College places considerable emphasis on the quality of teaching and learning, continually investing energy and resources into improvement in this critical area.

Recruitment was good and in line with market share predictions with 1444 16-19 funded students enrolling on college courses by the end of year.

## **Nature, Objectives and Strategies**

### **Legal status**

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

### **Mission**

During 2020-21, the Corporation approved a new three year Strategic Plan (2021-24). The College's mission as approved by its members is:

To deliver outstanding education and training driven by:

- Putting students first;
- Working for employers and;
- Supporting our community.

Significant consultation with staff and students, as well as external stakeholders, was undertaken to confirm the mission and the underpinning aims and objectives.

### **Public Benefit**

The College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body are disclosed on pages 22-25.

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

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

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

### **Implementation of strategic plan**

To support the mission and to ensure that the educational character is maintained, the College has set the following strategic priorities:

- 1. Grow each student's life opportunities
- 2. Offer a dynamic, adaptable and rewarding curriculum
- 3. Sustain purposeful, mutually beneficial and productive relationships with employers and the wider community
- 4. Secure a vibrant and sustainable future

## Performance indicators

The College has its own set of high level performance indicators with targets agreed each year by the Corporation, which monitors progress termly.

The College made an operating surplus in the year of £214,000 (after asset disposal), before FRS102 adjustments and staff restructuring. The College made an operating surplus of £580,000 in the previous year and an operating surplus of £257,000 in the year before that.

In 2022/23 the EBITDA Education Specific ratio for the College is 10.69%. In 2021/22, the average GFECs ratio for EBITDA Education Specific was 6.84% compared to the Isle of Wight College 10.46%.

The key financial indicators for the Isle of Wight College are monitored regularly and reported at the Corporation meeting, and are as detailed in the two year financial forecast. These are:

### Financial Health

- Maintain an underlying (excluding capital projects) “good” health categorisation under the new financial health methodology.

In 2022/23 the College recorded a financial health of “outstanding” under the financial health methodology.

- Maintain available reserves at the higher of 40% of income or £6 million on the I&E reserve after adding back the pensions provision. Total income for 2022/23 is £17,120k which would make the performance indicator to achieve £6,848k.

The I&E reserves (after adding back pensions) in 2022/23 were £9,150k.

### Solvency

- Ensure operating cash flow, after adding back interest, is greater than 125% of principal and interest paid.

In 2022/23 the operating cash flow was 309%.

- Achieve a minimum of 35 cash days in hand.

The cash days in 2022/23 were 167.

### Other indicators

- The total of external debt will not exceed 45% of net assets.

The external debt in 2022/23 was 11.3%.

- Total borrowing costs shall not exceed 7% of income.

In 2022/23 this percentage was 3.10%.

- A historical cost surplus must be achieved two out of every three years (covenant). We have posted a surplus this year, a surplus in 2021/22 and a surplus in 2020/21.

A surplus has been achieved in 2022/23, 2021/22 and 2020/21.

- Achieve a ratio of staff costs (including contract tuition services, excluding pensions adjustment, excluding restructuring costs) as a percentage of adjusted income (excluding franchise provision) as defined by the Finance Record of less than 65%.

In 2022/23 this ratio was 58.40%.

The senior management team has a more detailed list of performance indicators which it monitors regularly and takes action where risks of under-performance are identified. Targets are agreed at all levels of the organisation and monitored appropriately.

Robust self-assessment processes, with highly detailed action plans, embed and secure effective progress towards these targets.

The College is committed to observing the importance of sector measures and indicators and use the FE Choices website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency. The Finance Record produces a financial health grading.

## **Student numbers**

In 2022-23, the College enrolled 1341 full time 16-19 funded students compared to 1307 in 2021-22.

Part-time adult numbers increased from 2706 to 3027. This was mostly due to an increase in distance learning and ESOL provision. 16-18 apprenticeship starts decreased from 115 to 105 and 19+ apprenticeship starts decreased from 177 to 149, however the overall number of Apprentices in learning increased from 545 to 618. The number of higher educations funded students on programme was 97. The College works in close collaboration with several of the island secondary schools to provide access to vocational qualifications. The College also works with the local authority to provide bespoke part-time provision for students who are electively home educated, where this is an appropriate option for them.

## **Student achievements**

Overall student achievement rate for all qualifications all ages was 86%. College students achieve very well in relation to their prior attainment. Overall achievement rates for apprenticeships are above national average at 57% which is 4% above the latest available data.

## **Curriculum developments**

Curriculum delivery was focused on delivery of the Programmes of Study model. Based on individual student need, these are made up of a significant qualification, additional qualifications, enrichment, maths and English, and work experience/work placement. Funding is determined by the student not the qualifications that they are undertaking. In addition, in 2022-23 the College introduced 5 new T-levels in Health, Childcare, Engineering, Business management and administration and Digital production and design.

In 2022-23, enrolment onto a suitable maths and/or English qualification continued to be a condition of funding for all 16-18 students without a grade 4-9 at GCSE. Government policy dictates that all students who have achieved a D or a grade 3 must be enrolled onto a GCSE programme, enrolling students on a functional skill or alternative stepping stones qualification will not meet the condition of funding requirements.

This policy has resulted in a continued high volume of enrolments for both maths and English and continues to present huge challenges for the College, particularly in light of the continued poor GCSE results on the island.

The use of active dashboards and the costing model was also fundamental to the provision of more responsive data to support the local management of curriculum, and specifically attendance.

## Financial Position

### Financial objectives

The College's financial objectives are:

- To achieve an annual operating surplus;
- To achieve Financial Health category 'Good';
- To pursue alternative sources of funding, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution to the College's overall finances;
- To generate sufficient levels of income to support the asset base of the College;
- To further improve the College's shorter term liquidity; and
- To fund continued capital investment.

A series of performance indicators have been agreed to monitor the successful implementation of the policies.

### Financial results

The College had an operating surplus in the year before disposal of assets, FRS 102 adjustments and costs relating to staff restructuring of £226,000 (2021-22 an operating surplus of £583,000). After FRS 102 adjustments, staff restructuring costs and disposal of assets the College had a surplus for the year of £37,000 (2021-22 a deficit of £879,000).

The position can be summarised as follows:

	<b>£000</b>
Operating Surplus before FRS102 adjustments	226
Disposal of Assets	(12)
Staff Restructuring Costs	(-)
Pension Scheme adjustments	(177)
Surplus for the year before disposals after FRS102 adjustments	37

The College continues to have positive accumulated unrestricted reserves.

There has been an increase in the extent of the College's pension surplus in respect of the LGPS scheme. The surplus in the scheme has increased from £3.6m to £7.1m at the current year end, continuing the trend that saw the scheme liability reduce from £10.3m to an asset of £3.6m in the period year. Management have determined that it is not appropriate to recognise the pension asset of £7.1m in the financial statements due to the lack of certainty around any future economic benefits to the college in the form of refunds from the scheme or reductions in future contributions.

Tangible fixed asset additions during the year amounted to £2,782k. This was split between land and buildings acquired of £2,069k and equipment purchased of £662k and assets in the course of construction £51k. The £2,069k land and building additions comprises of T Levels Wave 3 capital grant allocation (£1,723k) and College funded building improvements (£346k). Of the £662k purchased equipment £269k is College funded, while the remaining £393k is capital funded by various projects (comprises mainly of T Level Wave 3 fund at the value of £311k, £32k HTE fund, £44k SDF fund – Business Centre).

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2022/23 the FE funding bodies provided 90.41% of the Group's total income.

The College has one subsidiary company, Delamite Limited. The principal activity of Delamite Limited is to own the technology centre (J block) within the College grounds. Any surpluses generated by the subsidiary are transferred to the College under gift aid. In the current year the accounts for Delamite Limited show a £30,051 deficit (2021-22: a deficit of £26,162).



### **Treasury policies and objectives**

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

All funds in excess of short term requirements are placed daily into a business deposit account.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. Such arrangements are restricted by limits in the College's Financial Memorandum previously agreed with the Skills Funding Agency and subsequently transferred to the Education & Skills Funding Agency. All other borrowing requires the authorisation of the Corporation and complies with the requirements of the Financial Memorandum.

During 2009/10 with the need to fund the development of the sixth form building and to place the funding of the College on a more long-term basis this was formalised as follows:

- Long term loan of £6M from Lloyds TSB to fund the sixth form and provide working capital.

### **Cash flows**

At £1,675,000 positive operating cash flow showed a decrease of £302,000 on the previous year (2021-22 £1,977,000).

### **Liquidity**

During the year the College's liquidity position remained constant.

### **Reserves policy**

The College has no formal Reserves Policy, but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities.

(Adequate reserves are defined as three months of essential operational spend, to ensure uninterrupted services).

It is the Corporation's intention to maintain reserves over the life of the strategic plan through the generation of positive annual cash flow, and the College intends to grow its reserves to support its' financial stability, by striving to record a small surplus each year.

The College has, however, defined its minimum cash holdings requirement. This is defined as £1.5m, to enable the College to meet its' short-term (one month) obligations, and provide a buffer in the event of unexpected revenue shortfall.

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

After the reporting period for this financial year but prior to the signing of the financial statements, the College was inspected by Ofsted in September 2023 with an outcome of Good. The report was published in November 2023.

## Streamlined Energy and Carbon Reporting

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

- Refining and implementing its own Sustainability Strategy
- Adjusting menus in its Student refectory
- Purchase/leasing of electric vehicles
- Refining its waste disposal methods
- Replacing lighting with LED
- Consolidating teaching into fewer classrooms

The college's greenhouse gas emissions and energy use for the period are set out below:

<b>UK Greenhouse gas emissions and energy use data for the period</b>	<b>1 August 2022 to 31 July 2023</b>	<b>1 August 2021 to 31 July 2022</b>
Energy consumption used to calculate emissions (kWh)	2,455,924	3,613,008
<u>Scope 1 emissions in metric tonnes CO2e</u>		
Gas consumption	221.32	365.10
Owned transport	1.25	0.24
Total	222.57	365.34
<u>Scope 2 emissions in metric tonnes CO2e</u>		
Purchased electricity	279.22	343.62
<u>Scope 3 emissions in metric tonnes CO2e</u>		
Business travel in employee owned vehicles	21.52	15.15
<b>Total gross emissions in metric tonnes CO2e</b>	<b>523.31</b>	<b>724.11</b>
<u>Intensity ratio</u>		
Metric tonnes CO2e per member of staff	1.89	2.92

### Qualification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.

### Intensity ratio

The chosen intensity measurement ratio is - Tonnes CO2e per member of staff.

## Future developments

For 2023/24 the College has agreed a funding contract with the funding bodies of £11,376,652 for 16-19 funding (including £274,050 for Teacher's Pension Scheme). The allocation for adult funding is £1,661,774 and includes £60,430 for the National Skills Fund: free courses for jobs offer and £48,040 for funding new innovative provision. Both levy and non-levy apprenticeship starts continue to be funded through the digital apprenticeship service so the College does not receive an allocation outside of a small carry-in value for starts prior to April 2020. There are also funds available for student financial support. The college has a strategic plan for 2021-2024 which focuses on the four key strategic priorities (below) and which responds to the national, regional and local context.

### 1. To grow each student's life opportunities

The college strives to achieve excellence in all it does. Central to this is providing high quality learning activities, whether they be in the college, in the workplace or for those studying remotely. These enable students to develop the skills, knowledge and behaviours valued by employers and universities and which enable them to pass their qualifications and achieve their career aims. The college has high aspirations for all its students, including those with special educational needs and disabilities (SEND).

Through the provision of high-quality teaching and learning and carefully targeted support, the college will help students grow in confidence and develop the resilience necessary to succeed in their studies and life in general.

### 2. Offer a dynamic, adaptable and rewarding curriculum

The college recognises and welcomes the opportunities resulting from current and emerging reforms to the curriculum, whether it be college based programmes or apprenticeships in the workplace. The college recognises its role to ensure the intent of its curriculum is closely aligned to government, regional and local skills priorities. Fundamental to achieving its curriculum aims, will be capitalising on new and emerging government funding, especially that aimed at adults wishing to improve their employment prospects.

The college has a long-standing reputation for innovative and flexible approaches to curriculum design and delivery. New advances in technology provide a platform to take these innovations in new and exciting directions. The introduction of new qualifications such as T levels will demand an acceleration of the engagement of employers in the design and delivery of the curriculum, and a reconsideration of the role of work placements as a vehicle to support students' learning.

### 3. Sustain purposeful, mutually beneficial and productive relationships with employers and the wider community

The college will draw on its existing network in the local community to provide leadership and high aspirations to encourage and support local people to acquire the skills and knowledge essential to economic independence and personal wellbeing. Securing and further developing the college's long-standing, positive relationship with employers will be fundamental in enabling it to satisfy local skills requirements.

The creation of a new digital hub will create a space where employment and education can come together to create new ways of learning and acquiring valuable digital skills; this model will exemplify how the college will aim to make its facilities more accessible to the local community.

### 4. Secure a vibrant and sustainable future

The college is established as the premier further education and skills provider on the island and is recognised regionally for its high standard of provision. This is based on its reputation for providing high quality technical and vocational learning that is closely

aligned to the needs of the local community. The college believes that high standards in teaching and learning and positive student and employer satisfaction are intrinsically linked to secure financial health. Therefore, it will continue to prudently manage its finances in order to benefit from a sustainable future.

The college recognises the fundamental part its staff and governors play in its success. To ensure that this is sustained, the college will continue to invest in development activities that maintain the currency of their skills and knowledge, in light of new and emerging curriculum and delivery methods.

The ongoing success of the college will rely on the increasing use of technology and digital solutions to improve organisational resilience, effectiveness and efficiency. Streamlining business systems and making full use of online solutions will free up staff time to focus on core, value adding activities and ensuring the student learning experience is accessible, engaging and relevant.

In recent years the college has been very successful in securing funding for new buildings and will now focus on improving the quality of older buildings on the main college campus, through the submission of innovative bids for government grants to support the delivery of T levels and to update existing accommodation. The need for students to access the latest equipment and resources, will require the college to adopt an innovative approach, utilising employers' facilities and technology to support learning. The college gives the highest priority to the safety of students and staff, including its response to challenges such as climate change and the coronavirus pandemic.

Other major developments that the college will be dealing with in 2023/24 include:

- £25m DfE transformation fund building project which will replace Blocks A, C and E with a two storey new build
- T Level Wave 4 capital works to refurbish plumbing to be completed. Recruitment to the T level will commence from September 2023
- T Level Wave 5 capital works to provide new salon and staffing accommodation for hairdressing
- T Level Wave 5 capital works to redesign the teaching spaces within creative & design
- IOT capital works which will include the refurbishment of existing accommodation (2 rooms) in L block to create digital laboratories
- IOT capital works to build an extension to the college's CECAMM campus, based in East Cowes

### **Going Concern**

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

The College currently has £3.9m of loans outstanding with bankers on terms negotiated in 2009. Bank loans are repayable in 92 quarterly instalments starting on 1 January 2013. £4m of the original loan is on a fixed interest rate and £2m is on base rate having transitioned from LIBOR from 31st December 2021. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

The College has considered and included the impact of the changing economic environment (i.e. inflation, interest rates, utility costs) when preparing its forecasts for the next 12 months, and remains confident that it has adequate resources to continue operating for the foreseeable future.

## **Taxation**

The majority of the College's activities do not fall to be charged to corporation tax.

## **Planned maintenance programme**

The College estate has developed over the last 20 years, through a series of successful bids to provide improved and additional accommodation for students. The planning currently engaged in with the Department for Education (DFE), to remove older 1950s buildings (Blocks A, C, and E) and to replace them with a new single building will be a major factor in ensuring the College estate is more energy efficient and help reduce its carbon footprint. Notwithstanding that project, the College continues to invest in site improvements both through successful bids and through the deployment of its own capital monies. In 22/23, the College allocated £600k to support renewal of capital equipment, site improvements and updating of computing equipment and infrastructure. In 2023/24 this investment has been increased to £650k. The College estates team also have a priority list of estate improvements that they work through on an annual basis to ensure items of equipment, infrastructure and estate have full defect resolution.

Further successful bids for PATHWAYS and the Centre of Excellence for Composites, Marine and Advanced Manufacture worth some £12m, and the curtailment of A Level delivery, also allow for further reductions in lower quality campus estate.

The College was awarded a £498k FECA grant, for use on category C & D building repairs – much of which was expended during 2020/21 and also led to the relocation of its Painting Decoration section to within space available in its Construction area (J Block) and which has led to the demolition of an older building (H Block) in early 2022.

However, the most critical development, was confirmation that College would benefit from the Governments Transformation funding which will lead to a significant development of the College estate embracing demolition of a number of older, pre-1970's teaching blocks and the development of new, more energy efficient, building(s). A contractor has now been appointed by the DfE and the college is working closely with the DfE and the contractor to finalise the new build designs and vacate the buildings prior to demolition.

## **Resources**

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

- **Financial:** The Group has net assets of £12,970k after deducting deferred income (and excluding the pension asset of £7,108k which has not been recognised in these financial statements). The group has long term debt totalling £3.6m, including amounts due on finance leases.
- **People:** The College employs 371 people (calculated on an average basis), of whom 133 are teaching staff. Support staff and management are classed as non-teaching. It should be noted that many of the support staff are involved in front line delivery as technicians or learning support assistants.
- **Reputation:** The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

## Principal Risks and Uncertainties

The College continues to develop and embed the system of internal control, including financial, operational and risk management, which is designed to protect the College's assets and reputation.

The College Risk Register is maintained at the Senior Management level and is reviewed at least termly by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. This was subject to considerable revision and moderation in 2015-16 when the Board Assurance Framework style was fully embedded within the register with levels of assurance clearly detailed. The register is also cross referenced to the Colleges strategic plan.

The College's Internal Auditors map their annual and 3-year plan to the Risk Register and have previously been given an extended brief to ensure that systems and procedures at the College are robust enough to ensure that Governors are provided with assurance about the systems and controls in place at the College. As a fixed component of Internal Audit arrangements Risk Management was reviewed and given SUBSTANTIAL assurance by Internal Audit in 2017/18, and most recently in 2020/21.

Further, in its annual Self-Assessment process, all areas of the College are required to submit an annual risk assessment localised to their specific area which is subject to review by a panel including external experts and senior management. Risks identified here can and are escalated onto the Main College Risk Register. In addition, the Colleges financial forecast always includes extracts from the College Risk Register related to the financial well being of the College.

Risks are added or removed from the Register on a termly basis informed by changes in the Business and Education environment and other internal and external factors deemed to be a potential issue for the College as well as strengthening of internal controls. These are well documented at Audit Committee and a summary report arising from those Committee meetings is presented to full Corporation.

Looking ahead, the key risks to the College are disruption caused by a significant new building project, ensuring academic progress and success is maintained at the highest level and managing the impact of utility costs increases.

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

- **Government funding**

The College has considerable reliance on continued government funding through the further education funding agencies. In 2022/23 93% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. 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:

- Further changes to the funding methodology for programmes of study;
- Exit from the EU and implications for potential funding cuts;
- National requirement to ensure efficiencies in the funding system;
- Reductions in Adult funding;
- Extension of 24+ loans;
- Prioritisation of Apprenticeships within funding;
- And the introduction of the Apprenticeship Levy and;
- Demographic change and a reduction in the 16-18 population on the Island.

This risk is mitigated in a number of ways:

- Delivering high quality student outcomes thus providing a clear choice preference for students and stakeholders;
- Funding is derived through a number of direct and indirect contractual arrangements;
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies;
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding;
- Development of a revised business development team whose focus is development of new incomes;
- Strong development of Advanced Manufacturing to reflect Island needs, with good use of new facilities to support Apprenticeship growth at all levels; and
- Being proactive and successful in securing diversified income through bids and projects.

- **Tuition fee policy**

The introduction of Advanced Learner Loans will change the environment for students with the potential for such high costs further reducing demand as well as increased bureaucracy in securing both eligibility for funding and its being secured in a timely fashion.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students;
- Close monitoring of the demand for courses as prices change; and
- Promotion of loans and clear strong communication early in the year.

- **Education environment**

The Island continues to have an oversupply of provision and new entrants to the market, will continue to exacerbate this.

This risk is mitigated in a number of ways:

- Ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students;
- Developing other provision including full-cost for employers, international recruitment and specialist projects to support specified island needs;
- Development of new projects designed to maintain the College at the leading edge of education provision (e.g. CECAMM);
- Provision of high quality facilities and infrastructures aimed at ensuring a high quality and modern teaching environment (e.g. refurbishment of Childcare and allocation of courses to S Block);
- Ensuring IAG / crucial advice and guidance is of very high quality; and
- Providing a substantial base for Higher Education provision on the Island.

- **Maintain adequate funding of pension liabilities**

The financial statements report the share of the pension scheme surplus on the College's balance sheet in line with the requirements of FRS 102.

## Stakeholder Relationships

In line with other colleges and with universities, The Isle of Wight College has many stakeholders. These include:

- Students;
- Education sector funding bodies;
- FE Commissioner;
- Staff;
- Local employers;
- Local Authorities;
- LEPs;
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies and;
- Local schools and training providers.

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

## Staff and student involvement

**Staff** - The College considers good communication with its staff to be very important and provides a number of mechanisms to support this. A wide range of formal and informal committees and working groups exist to encourage and facilitate staff participation in decision making. The Principal provides a staff briefing each half term which provide an opportunity to update staff on current issues facing the College and positive news stories. This is either done as a face to face briefing and/or as an email bulletin. Staff are also involved in strategy development through consultation activities, for example the Principal will meet with each curriculum and support team during the updating of the college's three-year strategic plan. The College also undertakes an annual staff survey which is benchmarked with other providers to identify areas for improvement or success. Follow up focus groups and 1-2-1 sessions with senior managers are provided to explore in detail key findings from each staff survey as part of action planning to deliver improvements.

The College also supports a joint negotiating and consultative committee (JNCC) which provides a forum for senior staff and staff trade union representatives to discuss issues and ensure an ongoing dialogue regarding the college's financial position and employee related matters. The College also has a staff whistleblowing procedure.

**Students** - The College encourages student involvement through membership of formal committees and student representation on the College Corporation. Every term Student Voice sessions are held in each curriculum area involving a cross-section of learners to discuss a cross college set of topics as well as discuss issues specific to the curriculum area. Feedback is collated and shared with senior managers to enable positive action to be taken and the Principal and Assistant Principal for Students will attend a cross section of Student Voice sessions during each academic year.

Students complete an annual survey providing views on their time at the College. Where necessary themes emerging from these surveys are explored in more detail via focus group discussions. These feedback mechanisms are formally reported to the senior management team and the College's Corporation.



The annual governor contact day provides an opportunity for governors to meet and talk to staff and students about their experience at college and then use the insight they gain to help inform future decision making.

The College has an effective complaints procedure which is well publicised to users of its services. Complaints are carefully considered and a summary is reported annually to the senior management team and the Corporation.

## Equality and diversity

The Isle of Wight College respects and values the social and cultural diversity of its students, apprentices and employees by seeking to ensure that all have the opportunity to participate fully and achieve their potential irrespective of their protected characteristics as defined by the Equality Act 2010, namely:

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation.

In achieving this statement, the college is committed to promoting the three aims of the public sector equality duty (PSED) and has in the performance of its corporate responsibilities due regard to the need to:

- **Eliminate** unlawful discrimination, harassment and victimisation and any other conduct prohibited by the Equality Act 2010
- **Advance** equality of opportunity between people who share a protected characteristic and people who do not share it; and
- **Foster** good relations between people who share a 'protected characteristic' and people who do not share it

The college achieves the aims of the public sector equality duty by:

- Providing an inclusive learning and work environment which is free from prejudice, discrimination and any forms of harassment, bullying or victimisation
- Ensuring all policies, procedures and the design and delivery of the college services are free from discrimination and are appropriately monitored to respond to the diverse needs of all students, apprentices, employees and the wider community
- Promoting awareness of each of the Equality Act 'protected characteristics'
- Investigating any student, apprentice and staff concerns
- Promoting a culture within the college that promotes 'positive' behaviours by students, apprentices, staff and governors
  
- The college champions diversity and inclusion by ensuring that:
  - We create a visibly diverse environment which values difference and raises aspiration
  - We offer flexible opportunities which meet local learning needs and enable all students to realise their potential
  - All governors and staff are clear about standards and strategies to meet diverse learner needs and are equipped to respond effectively
  - We secure the fullest participation of all students, apprentices and staff in all areas of college life and act to address under-representation
  - We develop and monitor a staff profile, management team and governing body which reflect the learner community

- We undertake rigorous and open monitoring of student, apprentice and staff performance and experience to identify and act on equality gaps
- We develop comprehensive feedback systems to capture student, apprentice, staff, governor and stakeholder perceptions of how we are doing and what we could improve
- We value student, apprentice and staff feedback to remain alert to patterns of inequality and related concerns which are not identified through statistical monitoring tools.

## Gender pay gap reporting

The college has a legal duty to report information on annual basis relating to gender pay differences 30<sup>th</sup> March 2023 for the preceding year. This duty applies to all employers with a workforce of 250 or more employees.

### Gender Data reported for 2022

Quartile	# Female	# Male	Total # Gender	% Female	% Male
Upper	54	35	89	61%	39%
Upper Middle	45	44	89	51%	49%
Lower Middle	63	26	89	71%	29%
Lower	73	17	90	81%	19%

### Gender % data reported from 2020-22 (3 years)

Reporting year	Male			Female		
	2020	2021	2022	2020	2021	2022
Upper Quartile	42%	38%	39%	58%	62%	61%
Upper Middle Quartile	43%	50%	49%	57%	50%	51%
Lower Middle Quartile	30%	19%	29%	70%	81%	71%
Lower Quartile	15%	23%	19%	85%	77%	81%

The Isle of Wight College is committed to the principle of equality of opportunity and equal treatment of all employees and job applicants, regardless of their gender, race, disability, age, religion or belief, marriage or civil partnership, pregnancy, sexual orientation, gender reassignment. The college is proud of the gender diversity of its workforce. 66% of employees are female and females account for most staff in all the four pay quartiles.

### Ensuring equal pay arrangements at The Isle of Wight College

- ii) Under the Equality Act 2010, men and women must receive equal pay for the same work, or work of equal value. The college can confirm that all male and female staff are paid the same rates of pay for the same job roles. For example, a male and female staff member who are both Lecturers in Hairdressing or Learning Support Assistants or Administrators, will be paid within the same pay grade. The college is also vigilant in ensuring that both males and females have equal access to roles at the college. To ensure this, the college adopts the following measures:
- Anonymised shortlisting for interview for recruitment.
  - A Family Policy and Flexible Working Policy which are designed to support and encourage applicants who have responsibilities for family and other dependents. For example, we offer a range of part-time and term time only contracts which provide flexibility around school hours.
  - An on-site Nursery to further attract those with young families.
  - The college proactively promotes its Family Policy including Shared Parental Leave arrangements, which enables female staff to share maternity leave with their partner.
  - A Safer Recruitment Policy that encourages equal male and female representation on interview panels and for promotion opportunities.
  - Ensuring pay rates are competitive and reflective of pay for similar roles in other organisations.

## 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 future funding capital projects aimed at improving access which is continuing in 2023 as plans are developed and implemented for refurbishing and rebuilding aspects of the college estate.
- b) The college uses a wide range of specialist equipment including assistive and adaptive technology as well as online packages and other software. In addition, students with high needs are taught in the state of the art Pathways facility which includes a multi-sensory room and range of technical and physical adaptations to support learning and development of skills.
- c) The admissions policy for all students is described in the college charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- d) 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.
- e) Specialist programmes are described on the college website, and achievements and destinations are monitored and subject to an annual self-assessment review process with key data published in line with Department for Education requirements. published in the standard college format.
- f) Pastoral support including mental health and well-being services are described in the College Student Handbook, on the college website and as part of student induction. In addition, students are provided with the College Student Charter – ‘you and your college’ – our shared values during induction.
- g) The college monitors staff profile in terms of declared disabilities and all HR policies consider how to support individuals and ensure reasonable adjustments are made.

## Trade union facility time

The Isle of Wight College, as a public sector employer, is required under the Trade Union (Facility Time Publication Requirements) Regulations 2017 to publish on an annual basis the amount and cost of trade union facility time within the organisation.

The Government guidance for the new regulations notes that Trade Unions play an important role in the modern workplace. In particular, that there are significant benefits to both employers and employees when organisations and unions work together. The Isle of Wight College values the benefit of trade union engagement, both in terms of supporting individual employees and providing a means of collective engagement with all of our employees on key issues that affect the College as a business.

If you have any questions about the information reported below for the year 2022/23 please Cheryl Blackley, Head of Human Resources at Cheryl.blackley@iwcollege.ac.uk

### Relevant Union Officials

What was the total number of employees who were relevant union officials during the relevant period?

Number of employees who were relevant union officials during the relevant period	Full Time Equivalent Employee Number
3	0.35

### Percentage of time spent on facility time

How many employees who were relevant union officials employed during the relevant period spent 0-100% of their working hours on facility time?

Percentage of total working time	Number of employees
0%	-
1-50%	3
51-99%	-
100%	-

**Percentage of pay bill spent on facility time**

The cost of facility time as a percentage of total pay bill.

Total cost of facility time	£13,950
Total pay bill	£9,059,281
Percentage of pay bill spent on facility time	0.15%

**Paid Trade Union Activities**

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

Time spent on paid trade union activities as a % of Total Paid Facility Hours	0.0%
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**Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. The College endeavours to meet this target and makes a weekly payment run and pays suppliers by BACS directly to their bank accounts.

**Disclosure of information to auditors**

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

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



Sara Weech  
 Chair  
 Date: 13 December 2023

## Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

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

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 2023. This opinion is based on an internal review of compliance with the Code referred to in the 2022/23 annual report of the Audit Committee and goes to Corporation for approval in December.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted in July 2015.

## The Corporation

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

	NAME	NO. OF COMPLETED TERMS	TOTAL COMPLETED YEARS OF SERVICE	APPOINTMENT DATE AND TERM	STATUS OF APPOINTMENT	COMMITTEES	TERM ENDS	ATTENDANCE IN 2022/23
1.	Graham Barnettson	0	1 year	16/12/2021	Independent Governor	Corporation Audit (Vice Chair from 01/08/2023) Remuneration (from 01/08/2023) Capital	15/12/2025	37.50%
2.	Zoe Brookes (Support Staff Governor)	0	1 year	01/08/2022 (2 years)	Support Staff Governor	Corporation	Resigned 31/07/2023	57.14%
3.	Graham Cooper	1	6 years	18/01/2017 Re-appointed 18/01/2021 (4 years)	Independent Governor	Corporation Audit (Chair until 31/07/2023) Capital (Chair) Remuneration (Vice Chair)	17/01/2025	75%
4.	Nick England	3	15 years (Current Term 9 years)	Previous term: Appointed 25/11/2004 - resigned 31/12/2010 01/09/2013 Re-appointed 01/08/2017 Re-appointed as Chair 01/08/2022	Independent Governor and Chair	Corporation (Chair) Capital Committee (Vice Chair) Remuneration	Resigned 31/07/2023	100%

	NAME	NO. OF COMPLETED TERMS	TOTAL COMPLETED YEARS OF SERVICE	APPOINTMENT DATE AND TERM	STATUS OF APPOINTMENT	COMMITTEES	TERM ENDS	ATTENDANCE IN 2022/23
5.	Tony Eysele	0	1 year	Appointed 01/08/2022 (4 years)	Independent Governor	Corporation Search and Governance	Resigned 27/09/2023	100%
6.	Jessica Garbett	1	7 years (Current Term 2 years)	Previous term: Appointed 01/05/2012 - 30/04/2016 Re-appointed 25/05/2016 - resigned April 2017 Appointed: 01/08/2021 (4 years)	Independent Governor	Corporation Audit Committee Capital (Vice Chair from 01/08/2023)	31/07/2025	100%
7.	Nigel Hastings	2	9 years	01/02/2014 (4 years) Re-appointed 01/02/2022 Re-appointed 15/07/2020	Independent Governor	Corporation Search & Governance (Chair until 31/07/2023 and Vice Chair from 01/08/2023) Remuneration (until 31/07/2023)	31/01/2024	100%
8.	Charmian Messenger	0	3 years	26/02/2020 (4 years)	Independent Governor	Corporation Audit	Resigned 31/10/2023	50%
9.	Ros Parker	0	0	September 2022	Principal	Corporation Search & Governance Capital Committee	N/A	100%
10.	Christine Palmer	1	4 years	27/02/2019 (4 years) Re-appointed as Vice Chair 01/08/2022 Re-appointed 27/02/2023 (2 Years)	Independent Governor	Corporation (Vice Chair) Audit (Vice Chair until 31/07/2023 and Chair from 01/08/2023) Remuneration (Chair) Capital	26/02/2025	100%

	NAME	NO. OF COMPLETED TERMS	TOTAL COMPLETED YEARS OF SERVICE	APPOINTMENT DATE AND TERM	STATUS OF APPOINTMENT	COMMITTEES	TERM ENDS	ATTENDANCE IN 2022/23
11.	Martyn Pearl	1	7 years	Appointed 27/04/2016 (4 years) Re-appointed 27/04/2020 (4 years)	Independent Governor	Corporation Search & Governance (Vice Chair until 31/07/2023 and Chair from 01/08/2023) Remuneration	27/04/2024	62.50%
12.	Sara Weech	0	2 years	24/02/2021 (4 years)	Independent Governor	Corporation (Chair from 01/08/2023) Search & Governance Committee (until 31/07/2023) Remuneration	23/02/2025	87.50%
13.	Bryony Willett (Teaching Staff Gov.)	1	2 years	01/09/2021 (2 years)	Teaching Staff Governor	Corporation	31/07/2023	0%
14.	Chris Goddard (Co-optee)	0	0	Appointed as a co-optee 12/10/2022 (2 years)	Co-optee Capital Committee	Capital	11/10/2024	Not a member of Corporation
15.	Rebecca Howes (Student Governor)	1	1 year	12/10/2022 (1 year)	Student Governor	Corporation	31/07/2023	87.51%
16.	Ella Young (Student Governor)	1	1 year	12/10/2022 (1 year)	Student Governor	Corporation	31/07/2023	57.14%
17.	Blythe James (Student Governor)	1	1 year	12/10/2022 (1 year)	Student Governor	Corporation	31/07/2023	14.29%



	NAME	NO. OF COMPLETED TERMS	TOTAL COMPLETED YEARS OF SERVICE	APPOINTMENT DATE AND TERM	STATUS OF APPOINTMENT	COMMITTEES	TERM ENDS	ATTENDANCE IN 2022/23
18.	Trevor Nicholas <i>(Co-optee)</i>	0	0	Appointed as a co-optee 15/12/2022 (2 years)	Co-optee Audit Committee	Audit	Resigned 25/09/2023	Not a member of Corporation
19.	Adam Amara	0	0	15/12/2022 (4 years)	Independent Governor	Corporation	14/12/2026	80%
20.	Kenneth Dueck*	0	0	13/07/2023 (4 years)	Independent Governor	Corporation	12/07/2027	New Governor for 2023-24
21.	Debbie Lavin <i>(Principal)</i>	N/A	N/A	January 2004	Principal	Corporation Search & Governance Capital Committee	Resigned 31/08/2022	0%
22.	Steve Corbett	1	7 years	25/03/2015 Re-appointed 01/04/2019 (4 years)	Independent Governor	Corporation	Resigned 29/09/2022	0%
23.	Gordon Pownall	1	4 years	Appointed 22/11/2017 (4 years) Re-appointed 01/12/2021	Independent Governor	Corporation Audit	Resigned 15/11/2022	0%
24.	Nick Sinnamon <i>(Co-optee)</i>	0	0	Previous service as a Governor: 01/11/2010-31/07/2021 Service as a co-optee: 01/08/2021-31/07/2023	Co-optee Audit Committee	Audit	Resigned 27/02/2023	100%

	NAME	NO. OF COMPLETED TERMS	TOTAL COMPLETED YEARS OF SERVICE	APPOINTMENT DATE AND TERM	STATUS OF APPOINTMENT	COMMITTEES	TERM ENDS	ATTENDANCE IN 2022/23
25.	Ant Baker*	0	0	01/08/2023 (2 Years)	Teaching Staff Governor	Corporation	31/07/2025	New Governor for 2023-24
26.	Grace Allen*	0	0	18/10/2023 (1 year)	Student Governor	Corporation	31/07/2024	New Governor for 2023-24
27.	Gus Lavell*	0	0	18/10/2023 (1 year)	Student Governor	Corporation	31/07/2024	New Governor for 2023-24
28.	Raquel Morosinin*	0	0	18/10/2023 (1 year)	Student Governor	Corporation	31/07/2024	New Governor for 2023-24
29.	Beverley Burgess*	0	0	18/10/2023 (2 years)	Support Staff Governor	Corporation Search and Governance	17/10/2025	New Governor for 2023-24

\* New governor appointments for 2023/24

## **The governance framework**

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation met on eight occasions during the 2022/23 academic year.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the full Corporation. These committees are Audit, Capital, Search and Governance and Remuneration. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Director of Governance at:

The Isle of Wight College  
Medina Way  
Newport  
Isle of Wight, PO30 5TA

They are also available on the College Website <http://www.iwcollege.ac.uk>. The Director of Governance maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad-hoc basis.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement.

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

## **Appointments to the Corporation**

Any new member appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee, which is comprised of the Chair and three other governors and which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are normally appointed for a term of office not exceeding 4 years that can be extended for a further 4 years. Exceptionally two Governors have had this maximum period of office extended.

## Corporation performance

A comprehensive review of governance, undertaken by Southern Internal Audit Service in May 2023, found no areas of concern and no areas for improvement. Governors play a key role in challenging the senior management to ensure that the College aims are achieved. Through the Carver type model adopted by the College, the Governors are particularly focused on a holistic approach to Governance and timely and accurate reporting ensures that Governors are able to challenge effectively. Through this model, the Corporation has been able to take considerable assurance that governance was robust and appropriately structured to support delivery of the strategic plan and continued improvements to the College.

The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2022 and awarded itself a grade 2 on the Ofsted scale. The Corporation considers its performance over the year at a strategic event, during training and updating sessions and through annual 1 to 1 meetings with the Chair. Further assurance may sometimes be gained from external parties (Ofsted) and also close monitoring of College Performance Indicators (PI's), which are considered on a termly basis. These indicators cover key aspects of the College's operations including teaching and learning, student outcomes and satisfaction. The PIs form a sound basis from which managers and Governors can judge performance and progress. The annual and three year targets are based on the most accurate comparative data from within and outside the sector (where appropriate) and targets are set to be both challenging but achievable.

All new Governors are provided with an induction and are required to complete mandatory training in: Equality & Diversity, Safeguarding, Prevent, GDPR, and Cybersecurity. This training must be re-taken every 3 years. Governors complete individual appraisals with the Chair on an annual basis. This process includes identifying any training needs or aspirations for increased responsibility on the Corporation or its subcommittees. The Corporation completes an annual self-assessment review of its effectiveness and an action plan is produced from this process. 3 updating sessions were held for Governors during this period on the following subjects:

- Enhanced Inspection Framework
- Financial Strategic Plan 2021-24
- Financial Strategy
- Safeguarding and harmful sexual behaviour
- Prevent
- Accountability Plan

The Corporation are aware of the requirement for an external board review. A Task and Finish Group were appointed in December 2022 and presented recommendations for the appointment of a reviewer in March 2023. Following Corporation approval an external reviewer was appointed with the review scheduled during the 2023/24 academic year. A final report to Corporation is scheduled for February 2024.

Governors are also invited to participate in a contact day spending time in 2 College departments and have the opportunity to participate in learning walks/ observations. Governors also have an annual session dedicated to strategic planning. The Director of Governance monitors the relevant networks in the field and highlights networking and training opportunities to Governors. Dedicated induction and training is provided for Student Governors.

## Remuneration Committee

Throughout the year ending 31 July 2023, the College's Remuneration Committee comprised the Chair of Corporation and five other governors. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer and other Key Management Personnel.

The governing body has adopted AoC's Senior Staff Remuneration Code in July 2019 and will assess pay in line with its principles in future. The Committee's terms of reference were

reviewed and approved in July 2023, in particular in accordance with Senior pay controls for colleges published in April 2023 following the reclassification of colleges in November 2022.

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

## **Audit Committee**

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

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

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

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

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

The Audit Committee met four times during the 2022/23 academic year (Quorum 3). The members of the committee and their attendance records are shown below:

<b>Committee member</b>	<b>Attendance</b>
Graham Cooper (Chair)	100%
Christine Palmer (Vice Chair)	100%
Nick Sinnamon*	100%
Jessica Garbett	100%
Graham Barnetson	50%
Trevor Nicholas**	100%

\*Resigned 27/02/2023

\*\*Appointed 15/02/2022

All meetings were quorate and were minuted by the Director of Governance.

## **Internal Control**

### *Scope of responsibility*

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in

the Funding Agreement between the Isle of Wight College and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

#### *The purpose of the system of internal control*

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Isle of Wight College for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

#### *Capacity to handle risk*

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls and arrangements for compliance with legal and regulatory matters including those relating to the regularity and propriety of the use of public funding that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

#### *The risk and control framework*

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

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

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

#### *Risks faced by the Corporation*

The College has a comprehensive risk register that is interrogated at three of the four Audit Committee meetings held in an academic year.

The register, which identifies risks in the key areas of Finance, Quality, Curriculum, Staff and Strategic Aims is considered in detail.

The College's risk appetite is identified as 'Low' which means that the risk threshold will be breached for any risk that is assessed as having more than either a low impact or a low probability of occurrence. Risk is categorised as high, medium or low and a summary and chronology of scoring is provided in the register.

The register is monitored and updated regularly by senior staff, with the Assistant Principal-Finance and Resources having specific responsibility until 31 March 2023. For the period after this the Director of Finance was responsible.

### *Control weaknesses identified*

No significant internal control weaknesses or failures were identified by the internal or external audit teams during the 2022/23 academic year.

### *Responsibilities under funding agreements*

The college maintains a comprehensive risk register which is monitored by the audit committee and reported to the main corporation. This identifies many of the key risks relating to the funding agreements and contracts. The register documents the relevant controls that are in place to ensure that contractual responsibilities and obligations are met. The corporation approve the college's proposed subcontracting on an annual basis to ensure that contracted provision is in line with the ESFAs subcontracting policy. They also receive an annual monitoring report on the performance of partners to ensure that provision meets the high expectations of the college. In 2022/23, as part of the internal audit regime and in compliance with the ESFA subcontracting standard, the college's subcontracted provision was reviewed by Southern Internal Audit Partnership. The standard was met with one area for improvement identified. There is also a funding and Individualised Learner Record (ILR) review conducted by funding specialists within RSM as part of the external audit. There was no separate internal ILR audit in 22-23. All ILR funding returns have been submitted in line with the ILR specification 2022 to 2023 data collection timetable.

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

### *Statement from the audit committee*

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

The specific areas of work undertaken by the audit committee in 2022/23 and up to the date of the approval of the financial statements are:

- received and interrogated the comprehensive College risk register at 3 meetings;
- considered and recommended for approval by Corporation, the annual College accounts;
- interrogated 12 internal audit reports and required specific action where relevant;
- agreed the internal and external audit plans;
- interrogated the annual reports of the internal and external auditors;
- required annual Prevention of Fraud and Public Interest Disclosure reports;
- required an annual review of substantive external contracts;
- monitored implementation of audit findings action through the Audit Issues Log;
- required GDPR data breaches reports (standing agenda item); and
- reviewed the performance of the internal and external audit providers;
- re-tendered for the College's external audit provision and made recommendations for appointment to the Corporation.

### *Review of effectiveness*

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

- the work of the internal auditors;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and

- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors in their management letters and other reports.

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

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

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

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

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



Sara Weech  
Chair  
Date: 13 December 2023



Ros Parker  
Accounting Officer  
Date: 13 December 2023



## Statement of Regularity, Propriety and Compliance

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

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

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

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



Ros Parker  
Accounting officer  
Date: 13 December 2023

## Statement of the Chair of Governors

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



Sara Weech  
Chair of Governors  
Date: 13 December 2023

## Statement of Responsibilities of the Members of the Corporation

The members of the Corporation (who act as trustees for the charitable activities of the College) are required to present audited financial statements for each financial year.

Under the law applicable to charities in England and the terms and conditions of the Corporation's grant funding agreement and contracts with Education and Skills Funding Agency (ESFA), the corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the College for that period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities following the reclassification of college corporations on 29 November 2022. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

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



Sara Weech  
Chair of Governors  
Date: 13 December 2023

## **INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF ISLE OF WIGHT COLLEGE**

### **Opinion**

We have audited the financial statements of Isle of Wight College (the "College") and its subsidiary (the "Group") for the year ended 31 July 2023 which comprise the consolidated statement of comprehensive income and expenditure, the consolidated and college balance sheets, the consolidated and college statements of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is 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 Accounts Direction issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2023 and of the Group's and the College's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction issued by the Education and Skills Funding Agency.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters 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;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.

**Responsibilities of the Corporation of Isle of Wight College**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on pages 34 to 35, the Corporation is responsible for the preparation of 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 the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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 these financial statements.

**The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and College operates in and how the group and college are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP and the College Accounts Direction published by the Education and Skills Funding Agency. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls, accuracy of ILR data and existence of tuition fee income as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates, involving funding specialist team to review ILR data and tracing tuition fee income to supporting enrolment documents and learner existence.

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

### **Use of our report**

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 22 October 2021. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged 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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK AUDIT LLP  
Chartered Accountants  
Highfield Court  
Tollgate  
Chandlers Ford  
Eastleigh  
Hampshire  
SO53 3TY

Date: December 2023

**Isle of Wight College**  
**Consolidated Statements of Comprehensive Income and Expenditure**

	Notes	Year ended 31 July 2023		Year ended 31 July 2022	
		Group	College	Group	College
		£'000	£'000	£'000	£'000
<b>INCOME</b>					
Funding body grants	2	16,077	16,070	14,372	14,365
Tuition fees and education contracts	3	571	571	703	703
Other grants and contracts	4	182	182	279	279
Other income	5	235	235	183	183
Investment income	6	178	178	3	3
Donations and Endowments	7	-	-	2	2
<b>Total income</b>		<b>17,243</b>	<b>17,236</b>	<b>15,542</b>	<b>15,535</b>
<b>EXPENDITURE</b>					
Staff costs	8	9,360	9,360	10,180	10,180
Other operating expenses	9	5,436	5,457	4,445	4,467
Impairment losses	12	537	537	-	-
Depreciation	12	1,594	1,566	1,374	1,345
Interest and other finance costs	10	267	267	419	419
<b>Total expenditure</b>		<b>17,194</b>	<b>17,187</b>	<b>16,418</b>	<b>16,411</b>
<b>Surplus / (deficit) before other gains and losses</b>		<b>49</b>	<b>49</b>	<b>(876)</b>	<b>(876)</b>
Profit/(loss) on disposal of assets	12	(12)	(12)	(3)	(3)
<b>Surplus / (deficit) before tax</b>		<b>37</b>	<b>37</b>	<b>(879)</b>	<b>(879)</b>
Taxation	11	-	-	-	-
<b>Surplus / (deficit) for the year</b>		<b>37</b>	<b>37</b>	<b>(879)</b>	<b>(879)</b>
Remeasurement of net defined benefit pension liability	21	(3,470)	(3,470)	15,431	15,431
<b>Total Comprehensive Income for the year</b>		<b>(3,433)</b>	<b>(3,433)</b>	<b>14,552</b>	<b>14,552</b>
<b>Represented by:</b>					
Restricted comprehensive income		-	-	-	-
Unrestricted comprehensive income		(3 433)	(3 433)	14 552	14 552
		<b>(3 433)</b>	<b>(3 433)</b>	<b>14 552</b>	<b>14 552</b>

All items of income and expenditure relate to continuing activities

**Isle of Wight College**  
**Consolidated and College Statement of Changes in Reserves**

	Income and Expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
<b>Group</b>			
<b>Balance at 1st August 2021</b>	(2,390)	4,241	1,851
Deficit from the income and expenditure account	(879)	-	(879)
Other comprehensive income	15,431	-	15,431
Transfers between revaluation and income and expenditure reserves	62	(62)	-
Total comprehensive income for the year	<u>14,614</u>	<u>(62)</u>	<u>14,552</u>
<b>Balance at 31st July 2022</b>	12,224	4,179	16,403
Surplus from the income and expenditure account	37	-	37
Other comprehensive income	(3,470)	-	(3,470)
Transfers between revaluation and income and expenditure reserves	359	(359)	-
<b>Total comprehensive income for the year</b>	<u>(3,074)</u>	<u>(359)</u>	<u>(3,433)</u>
<b>Balance at 31st July 2023</b>	<u><b>9,150</b></u>	<u><b>3,820</b></u>	<u><b>12,970</b></u>
<b>College</b>			
<b>Balance at 1st August 2021</b>	(2,390)	4,241	1,851
Deficit from the income and expenditure account	(879)	-	(879)
Other comprehensive income	15,431	-	15,431
Transfers between revaluation and income and expenditure reserves	62	(62)	-
Total comprehensive income for the year	<u>14,614</u>	<u>(62)</u>	<u>14,552</u>
<b>Balance at 31st July 2022</b>	12,224	4,179	16,403
Surplus from the income and expenditure account	37	-	37
Other comprehensive income	(3,470)	-	(3,470)
Transfers between revaluation and income and expenditure reserves	359	(359)	-
<b>Total comprehensive income for the year</b>	<u>(3,074)</u>	<u>(359)</u>	<u>(3,433)</u>
<b>Balance at 31st July 2023</b>	<u><b>9,150</b></u>	<u><b>3,820</b></u>	<u><b>12,970</b></u>



**Isle of Wight College**  
**Balance sheets as at 31 July 2023**

	Notes	Group	College	Group	College
		2023	2023	2022	2022
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible fixed assets	12	35,698	35,011	35,051	34,335
Investments	13	-	517	-	542
		<b>35,698</b>	<b>35,528</b>	<b>35,051</b>	<b>34,877</b>
<b>Current assets</b>					
Stocks		57	57	52	52
Trade and other receivables	14	647	647	1,448	1,448
Cash and cash equivalents	19	6,737	6,735	5,428	5,426
		<b>7,441</b>	<b>7,439</b>	<b>6,928</b>	<b>6,926</b>
<b>Less: Creditors – amounts falling due within one year</b>	15	(5,895)	(5,878)	(5,465)	(5,453)
<b>Net current assets</b>		<b>1,546</b>	<b>1,561</b>	<b>1,463</b>	<b>1,473</b>
<b>Total assets less current liabilities</b>		<b>37,244</b>	<b>37,089</b>	<b>36,514</b>	<b>36,350</b>
<b>Less: Creditors – amounts falling due after more than one year</b>	16	(24,274)	(24,118)	(23,758)	(23,594)
<b>Provisions</b>					
Defined benefit obligations	18	-	-	3,647	3,647
<b>Total net assets</b>		<b>12,970</b>	<b>12,971</b>	<b>16,403</b>	<b>16,403</b>
<b>Unrestricted reserves</b>					
Income and expenditure account		9,150	9,150	12,224	12,224
Revaluation reserve		3,820	3,820	4,179	4,179
<b>Total unrestricted reserves</b>		<b>12,970</b>	<b>12,970</b>	<b>16,403</b>	<b>16,403</b>
<b>Total reserves</b>		<b>12,970</b>	<b>12,970</b>	<b>16,403</b>	<b>16,403</b>

The financial statements on pages 39 to 65 were approved and authorised for issue by the Corporation on 13 December 2023 and were signed on its behalf on that date by:



**Sara Weech**  
**Chair**



**Ros Parker**  
**Accounting Officer**

**Isle of Wight College**  
**Consolidated Statement of Cash Flows**

	Notes	2023 £'000	2022 £'000
<b>Cash inflow from operating activities</b>			
Surplus / (deficit) for the year		37	(879)
<b>Adjustment for non cash items</b>			
Depreciation (notes 1 and 12)		2,131	1,374
(Increase)/decrease in stocks		(5)	(7)
(Increase)/decrease in debtors		801	(377)
Increase/(decrease) in creditors due within one year		460	828
Increase/(decrease) in creditors due after one year		(1,323)	(25)
Increase/(decrease) in provisions		-	-
Pensions costs less contributions payable (notes 8 and 21)		300	1,284
<b>Adjustment for investing or financing activities</b>			
Investment income		(178)	(3)
Interest payable (note 10)		267	419
Loss/(profit) on disposal of fixed assets		12	3
Deferred capital grants released		(827)	(640)
		<u>1,675</u>	<u>1,977</u>
<b>Net cash flow from operating activities</b>			
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		(12)	1
Investment income		55	3
Payments made to acquire fixed assets		(2,782)	(2,037)
Deferred capital grants received		2,900	563
		<u>161</u>	<u>(1,470)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(263)	(239)
Interest element of finance lease rental payments		(4)	(5)
Repayments of amounts borrowed		(234)	(226)
Capital element of finance lease rental payments		(30)	(34)
		<u>(531)</u>	<u>(504)</u>
<b>Increase in cash and cash equivalents in the year</b>			
		<u>1,305</u>	<u>3</u>
Cash and cash equivalents at beginning of the year	19	5,428	5,425
Cash and cash equivalents at end of the year	19	6,733	5,428

## Notes to the Financial Statements For the Period from 1 August 2022 to 31 July 2023

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

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

#### General information

The IOW College is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 27. The nature of the College's operations is set out in the Report of the Members.

#### Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2022 to 2023* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

The consolidated financial statements are presented in sterling which is also the functional currency of the of the College. Monetary amounts in these financial statements are rounded to the nearest whole £1,000 except where otherwise indicated.

#### Basis of accounting

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

#### Basis of consolidation

The consolidated financial statements include the College and its subsidiary Delamite Limited, controlled by the group. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation.

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

#### Going concern

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

The College currently has £3.9m of loans outstanding with bankers on terms negotiated in 2009. Bank loans are repayable in 92 quarterly instalments starting on 1 January 2013. £4m of the original loan is on a fixed interest rate and £2m is on a floating rate which on 31 March 2022 transitioned away from LIBOR to Base Rate. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

The College has considered and included the impact of the changing economic environment (i.e. inflation, interest rates, utility costs) when preparing its forecasts for the next 12 months,

and remains confident that it has adequate resources to continue operating for the foreseeable future.

### **Recognition of income**

#### *Revenue grant funding*

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 funding is not subject to reconciliation and is therefore not subject to contract adjustments. The Adult Education budget is subject to reconciliation and any performance below 97% will result in a full reconciliation to the allocation value. In 2022/23, the college achieved 102% of its funding allocation and has therefore secured its full funding allocation. Apprenticeship funding is now directed through the Digital Apprenticeship Service (DAS) and apart from a nominal 'carry in' amount for apprentices who started prior to the DAS reforms and who are still in learning, all funding is now channelled through the DAS route.

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

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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

#### *Capital grant funding*

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

#### *Fee income*

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

#### *Other income*

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration.

#### *Investment income*

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

### **Agency arrangements**

The college acts as an agent in the collection and payment of certain discretionary support funds and any other arrangements. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the college where the college is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

### **Accounting for post-employment benefits**

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These

are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

#### *Teachers' Pension Scheme*

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

#### *Local Government Pension Scheme*

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

The LGPS assets are managed by the scheme trustees at scheme level, and the determination / allocation of assets to each individual employer in the scheme is managed by the scheme actuary. The assets are allocated to each employer for accounting purposes based on the valuation of the assets at the latest triennial valuation as adjusted for subsequent contributions received from the employer, asset returns and benefit payments made (either on a cash basis or actuarial basis).

The retirement benefit obligation recognised represents the deficit or surplus in the defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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

#### **Short term Employment benefits**

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

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

#### *Land and buildings*

Freehold buildings are depreciated on a straight line basis over their expected useful lives to the College of 50 years.

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

The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1997, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

#### *Assets under construction*

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

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

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

#### *Equipment*

Equipment costing less than £500 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

- motor vehicles and general equipment      4 – 8 years
- computer equipment - laptops                5 years
- computer equipment - other                    7 years
- furniture, fixtures and fittings                5 years

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

### **Borrowing costs**

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

### **Leased assets**

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

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

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

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

### **Investments**

#### *Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

### **Stock**

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

### **Cash and cash equivalents**

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

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

### **Financial liabilities and equity**

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

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

### **Foreign currency translation**

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

### **Taxation**

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

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

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

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

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

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

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

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

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

- Tangible fixed assets, 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.
- The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 to value the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- Determining the existence of a minimum funding requirement for the Local Government Pension Scheme to be included in the asset ceiling in measuring and recognising a surplus in the scheme. This judgement is based on an assessment of the nature of the scheme as a statutory scheme and its inherent implied continuance as well as the operation of the primary and secondary contributions.



**Isle of Wight College**  
**Notes to the Accounts (continued)**

**2 Funding council grants**

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
<b>Recurrent grants</b>				
Education and Skills Funding Agency - adult education budget	1,634	1,634	1,649	1,649
Education and Skills Funding Agency – 16 -18	9,783	9,783	8,752	8,752
Education and Skills Funding Agency - apprenticeships	1,591	1,591	1,199	1,199
<b>Specific Grants</b>				
Local Authority	1,630	1,630	1,501	1,501
Teacher Pension Scheme contribution grant	253	253	219	219
Releases of government capital grants	826	819	640	633
Local Initiative Funds	14	14	42	42
HE franchised	346	346	370	370
	<hr/>		<hr/>	
<b>Total</b>	<b>16,077</b>	<b>16,070</b>	<b>14,372</b>	<b>14,365</b>
	<hr/>		<hr/>	

**3 Tuition fees and education contracts**

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Tuition fees	571	571	703	703
Education contracts	-	-	-	-
	<hr/>		<hr/>	
<b>Total</b>	<b>571</b>	<b>571</b>	<b>703</b>	<b>703</b>
	<hr/>		<hr/>	

**4 Other grants and contracts**

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Erasmus+	66	66	71	71
Turing Scheme	53	53	32	32
Other grants and contracts	63	63	176	176
	<hr/>		<hr/>	
<b>Total</b>	<b>182</b>	<b>182</b>	<b>279</b>	<b>279</b>
	<hr/>		<hr/>	

**Isle of Wight College**  
**Notes to the Accounts (continued)**

**5 Other income**

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	College £'000	Group £'000	College £'000
Catering and residences	47	47	42	42
Other income generating activities	8	8	7	7
Miscellaneous income	180	180	134	134
<b>Total</b>	<b>235</b>	<b>235</b>	<b>183</b>	<b>183</b>

**6 Investment income**

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	College £'000	Group £'000	College £'000
Pension interest income	123	123	0	0
Other interest receivable	55	55	3	3
	<b>178</b>	<b>178</b>	<b>3</b>	<b>3</b>

**7 Donations**

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	College £'000	Group £'000	College £'000
Unrestricted donations	-	-	2	2
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>

Two boilers were donated by Vailant for the plumbing department with an estimated value of £2,000 in 21/22.

**Isle of Wight College**  
**Notes to the Accounts (continued)**

**8 Staff costs and Key Management Personnel - Group and College**

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

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Teaching staff	133	120
Non-teaching staff	238	256
	<u>371</u>	<u>376</u>
<b>Staff costs for the above persons</b>		
	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	6,952	6,815
Social security costs	607	596
Other pension costs (including FRS102 adjustments of £300,000 (2022: £1,284,000))	1,801	2,769
	<u>9,360</u>	<u>10,180</u>
<b>Payroll sub total</b>	<b>9,360</b>	<b>10,180</b>
Contracted out staffing services	-	-
	<u>9,360</u>	<u>10,180</u>
Restructuring costs - Contractual	-	-
- Non contractual	-	-
	<u>9,360</u>	<u>10,180</u>
<b>Total Staff costs</b>	<b>9,360</b>	<b>10,180</b>

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College leadership team which comprises the Principal, Deputy Principal and Assistant Principals.

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

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
The number of key management personnel including the Accounting Officer was:	7	6
	<u>7</u>	<u>6</u>

**Isle of Wight College**  
**Notes to the Accounts (continued)**

**8 Staff costs and Key Management Personnel - Group and College (continued)**

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

	Key management personnel		Other staff	
	2023 No.	2022 No.	2023 No.	2022 No.
£10,001 to £15,000	1	-	-	-
£20,001 to £25,000	-	-	1	-
£25,001 to £30,000	1	-	-	-
£40,001 to £45,000	1	-	-	-
£50,001 to £55,000	-	1	-	-
£55,001 to £60,000	1	2	-	-
£60,001 to £65,000	-	-	1	-
£65,001 to £70,000	1	1	-	-
£70,001 to £75,000	-	1	-	-
£75,001 to £80,000	1	-	-	-
£100,001 to £105,000	1	-	-	-
£120,001 to £125,000	0	1	-	-
	<u>7</u>	<u>6</u>	<u>2</u>	<u>0</u>

Including part time workers grossed up to full time equivalent 1 member of key management personnel was paid in the £70,001 to £75,000 banding in 2023 (2022: £95,001 to £100,000); 1 member of other staff was paid in the £60,001 to £65,000 banding in 2023 (2022: none).

Key management personnel compensation is made up as follows:

	2023 £'000	2022 £'000
Salary	389	430
Benefits in kind	-	-
National insurance	49	54
	<u>438</u>	<u>484</u>
Pension contributions	80	88
	<u>518</u>	<u>572</u>
<b>Total key management personnel compensation</b>	<b>518</b>	<b>572</b>

The above compensation includes amounts paid to the Principal and Chief Executive who is the Accounting Officer and who is also the highest paid member of staff. These figures include pay and remuneration for two Principals and Chief Executives serving in 22/23 (i.e. August payment for outgoing Principal and September to July payment for incoming Principal) as follows:

	2023 £'000	2022 £'000
Salary	112	121
Benefits in kind	-	-
	<u>112</u>	<u>121</u>
Pension contributions	26	29
	<u>138</u>	<u>150</u>

The governing body has adopted AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principles.

The remuneration package of key management staff, including the Principal, is subject to annual review by the Remuneration Committee of the governing body who use AoC bench-marking information to provide objective guidance. In addition the Remuneration Committee considers the annual review of the Principal, conducted by the Chair and Vice Chair of Corporation, and the annual reviews of senior managers conducted by the Principal. These individual reviews consider performance against the College's overall objectives, using both qualitative and quantitative measures of performance.

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

	2023	2022
Principal's basic salary as a multiple of the median of all staff	4.52	5.19
Principal and CEO's total remuneration as a multiple of the median of all staff	4.49	5.18

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

**Isle of Wight College**  
**Notes to the Accounts (continued)**

**9 Other operating expenses**

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	890	890	901	901
Non teaching costs	2,577	2,598	2,237	2,259
Premises costs	1,969	1,969	1,307	1,307
<b>Total</b>	<b>5,436</b>	<b>5,457</b>	<b>4,445</b>	<b>4,467</b>

**Other operating expenses include:**

	2023	2022
	£'000	£'000
Auditors' remuneration:		
Financial statements audit*	59	45
Internal audit**	29	25
Hire of assets under operating leases	23	25
Profit/(loss) on disposal of non-current assets	(12)	(3)

\* includes £53,400 in respect of the College (2021/22 £42,660)

\*\* includes £29,400 in respect of the College (2021/22 £25,000)

**10 Interest payable - Group and College**

	2023	2022
	£'000	£'000
On bank loans, overdrafts and other loans:	263	239
	<u>263</u>	<u>239</u>
On finance leases	4	5
Net interest on defined pension liability (note 21)	-	175
	<u>-</u>	<u>175</u>
<b>Total</b>	<b>267</b>	<b>419</b>

**11 Taxation - Group only**

The members do not believe that the College was liable for any corporation tax arising out of its activities during either year.

**Isle of Wight College**  
**Notes to the Accounts (continued)**

**12 Tangible fixed assets (Group)**

	Land and buildings Freehold	Equipment	Assets in the Course of Construction	Total
	£'000	£'000		£'000
<b>Cost or valuation</b>				
At 1 August 2022	45,592	8,779	1,214	55,585
Transfers from WIP	123	188	(311)	-
Additions	2,070	662	50	2,782
Disposals	(54)	(370)		(424)
<b>At 31 July 2023</b>	<b>47,731</b>	<b>9,259</b>	<b>953</b>	<b>57,943</b>
<b>Depreciation</b>				
At 1 August 2022	12,715	7,819	-	20,534
Charge for the year	1,155	441	-	1,596
Elimination in respect of disposals	(54)	(369)	-	(423)
Impairment losses	537	-	-	537
<b>At 31 July 2023</b>	<b>14,353</b>	<b>7,891</b>	<b>-</b>	<b>22,244</b>
<b>Net book value at 31 July 2023</b>	<b>33,378</b>	<b>1,368</b>	<b>953</b>	<b>35,699</b>
Net book value at 31 July 2022	32,877	960	1,214	35,051

Land and buildings were valued in 1997 at depreciated replacement cost by a firm of independent chartered surveyors.

Impairment relates to A Block and E Block not being in use and to be demolished during 23/24. In relation to the impairment £297,407 of the revaluation reserve has been released as a result to offset the impact of the impairment.

The net book value of equipment includes an amount of nil (2021/22 – £21,257) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £21,257 (2021/22 - £39,273)

If fixed assets had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

	£'000
Cost	nil
Aggregate depreciation based on cost	nil
Net book value based on cost	nil

**Isle of Wight College**  
**Notes to the Accounts (continued)**

**12 Tangible fixed assets (College only)**

	Land and buildings Freehold £'000	Equipment £'000	Assets in the Course of Construction	Total £'000
<b>Cost or valuation</b>				
At 1 August 2022	44,186	8,767	1,214	54,167
Transfers from WIP	123	188	(311)	-
Additions	2,070	662	50	2,782
Disposals	(54)	(370)		(424)
<b>At 31 July 2023</b>	<b>46,325</b>	<b>9,247</b>	<b>953</b>	<b>56,525</b>
<b>Depreciation</b>				
At 1 August 2022	12,025	7,807	-	19,832
Charge for the year	1,127	441	-	1,568
Elimination in respect of disposals	(54)	(369)	-	(423)
Impairment losses	537	-	-	537
<b>At 31 July 2023</b>	<b>13,635</b>	<b>7,879</b>	<b>-</b>	<b>21,514</b>
<b>Net book value at 31 July 2023</b>	<b>32,690</b>	<b>1,368</b>	<b>953</b>	<b>35,011</b>
Net book value at 31 July 2022	32,161	960	1,214	34,335

Land and buildings were valued in 1997 at depreciated replacement cost by a firm of independent chartered surveyors.

Impairment relates to A Block and E Block not being in use and to be demolished during 23/24. In relation to the impairment £297,407 of the revaluation reserve has been released as a result to offset the impact of the impairment.

The net book value of equipment includes an amount of nil (2021/22 – £21,257) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £21,257 (2021/22 - £39,273)

If fixed assets had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

	£'000
Cost	nil
Aggregate depreciation based on cost	nil
Net book value based on cost	nil

**Isle of Wight College**  
**Notes to the Accounts (continued)**

**13 Non-current investments**

	<b>College 2023 £'000</b>	<b>College 2022 £'000</b>
Investments in subsidiary companies	1,532	1,527
Provision b/fwd	(985)	(959)
Increase in provision	(30)	(26)
	<hr/>	<hr/>
<b>Total</b>	<b><u>517</u></b>	<b><u>542</u></b>

The College owns 100 per cent of the issued ordinary £1 shares of Delamite Limited, a company incorporated in England and Wales. The principal business activity of Delamite Limited is to own a multi-skills building within the College grounds.

**14 Trade and other receivables**

	<b>Group 2023 £'000</b>	<b>College 2023 £'000</b>	<b>Group 2022 £'000</b>	<b>College 2022 £'000</b>
Amounts falling due within one year:				
Trade receivables	240	240	453	453
Prepayments and accrued income	202	202	252	252
Amounts owed by the ESFA	205	205	743	743
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b><u>647</u></b>	<b><u>647</u></b>	<b><u>1,448</u></b>	<b><u>1,448</u></b>



**Isle of Wight College**  
**Notes to the Accounts (continued)**

**15 Creditors: amounts falling due within one year**

	<b>Group</b> <b>2023</b> <b>£'000</b>	<b>College</b> <b>2023</b> <b>£'000</b>	<b>Group</b> <b>2022</b> <b>£'000</b>	<b>College</b> <b>2022</b> <b>£'000</b>
Bank loans and overdrafts	234	234	234	234
Obligations under finance leases	-	-	30	30
Trade payables	463	463	635	635
Other taxation and social security	167	167	327	327
Accruals and deferred income	3198	3,189	2302	2,297
Deferred income - government capital grants	827	819	647	640
Deferred income - government revenue grants	704	704	986	986
Amounts owed to the ESFA	302	302	304	304
<b>Total</b>	<b><u>5,895</u></b>	<b><u>5,878</u></b>	<b><u>5,465</u></b>	<b><u>5,453</u></b>

**16 Creditors: amounts falling due after one year**

	<b>Group</b> <b>2023</b> <b>£'000</b>	<b>College</b> <b>2023</b> <b>£'000</b>	<b>Group</b> <b>2022</b> <b>£'000</b>	<b>College</b> <b>2022</b> <b>£'000</b>
Bank loans	3,640	3,640	3,874	3,874
Obligations under finance leases	-	-	-	-
Deferred income - government capital grants	20,634	20,478	19,884	19,720
<b>Total</b>	<b><u>24,274</u></b>	<b><u>24,118</u></b>	<b><u>23,758</u></b>	<b><u>23,594</u></b>

**Isle of Wight College**  
**Notes to the Accounts (continued)**

**17 Maturity of debt**

**(a) Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
In one year or less	234	234	234	234
Between one and two years	245	245	245	245
Between two and five years	797	797	797	797
In five years or more	2,598	2,598	2,832	2,832
<b>Total</b>	<b><u>3,874</u></b>	<b><u>3,874</u></b>	<b><u>4,108</u></b>	<b><u>4,108</u></b>

Bank loans are repayable in 92 quarterly instalments starting on 1 January 2013. £4m of the original loan is on a fixed interest rate and £2m is on a floating rate which on 31 March 2022 transitioned away from LIBOR to Base Rate. There is no security held over the assets of the College in respect of this loan.

**(b) Finance leases**

The net finance lease obligations to which the institution is committed are:

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
In one year or less	-	-	30	30
Between two and five years	-	-	-	-
<b>Total</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>30</u></b>	<b><u>30</u></b>

Finance lease obligations are secured on the assets to which they relate.

**Isle of Wight College**  
**Notes to the Accounts (continued)**

**18 Provisions**

	<b>Defined benefit Obligation £'000</b>	<b>Total £'000</b>
At 1 August 2022	(3,647)	(3,647)
Movement in year:		
Current service cost	1,144	1,144
Employer contributions	(844)	(844)
Past service cost	-	-
Net interest on the defined liability	(123)	(123)
Actuarial gain	(3,638)	(3,638)
Asset ceiling adjustment	7,108	7,108
Transferred from income and expenditure account	<u>3,647</u>	<u>3,647</u>
<b>Net liability/(asset) at 31 July 2023</b>	<u><u>-</u></u>	<u><u>-</u></u>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 21.

**19 Consolidated analysis of changes in net funds**

	<b>At 1 August 2022 £'000</b>	<b>Cash flow £'000</b>	<b>New finance leases £'000</b>	<b>Other non-cash changes £'000</b>	<b>Changes in market value and exchange rates £'000</b>	<b>At 31 July 2023 £'000</b>
Cash in hand and at bank	5,428	1,309	-	-	-	6,737
Bank overdrafts	-	-	-	-	-	-
Debt factoring	-	-	-	-	-	-
	<u>5,428</u>	<u>1,309</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,737</u>
Bank loans	(4,108)	234	-	-	-	(3,874)
Finance Leases	(30)	30	-	-	-	-
<b>Net debt</b>	<u><u>1,290</u></u>	<u><u>1,573</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>2,863</u></u>

**20 Capital commitments**

	<b>Group and College 2023 £'000</b>	<b>2022 £'000</b>
Commitments contracted for at 31 July	<u>357</u>	<u>508</u>

## Isle of Wight College Notes to the Accounts (continued)

### 21 Defined benefit obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2022. Within creditors the pension contributions due for the TPS are £76,000 (2022: £84,000) and for the LGPS are £86,000 (2022: £88,000).

The Government Actuary is due to complete the TPS valuation by October 2023 with increases currently scheduled for April 2024.

<b>Total pension cost for the year</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Teachers Pension Scheme: contributions paid	655	681
Local Government Pension Scheme:		
Contributions paid	846	804
FRS 102 (28) charge	300	1,284
Charge to the Statement of Comprehensive Income	1,146	2,088
Enhanced pension charge to Statement of Comprehensive Income	-	-
<b>Total Pension Cost for Year within staff costs</b>	<b>1,801</b>	<b>2,769</b>

### Teachers' Pension Scheme

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

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

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

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

The 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.

**Isle of Wight College**  
**Notes to the Accounts (continued)**

**21 Defined benefit obligations (continued)**

**Teachers' Pension Scheme (continued)**

The latest valuation report was published on 26 October 2023. The key results of the valuation are:

- Total scheme liabilities for service (the capital sum needed at 31 March 2020 to meet the stream of future cash flows in respect of benefits earned) of £262 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £222 billion
- Notional past service deficit of £39.8 billion (2016: £22 billion)
- Discount rate is 1.7% in excess of CPI (2016: 2.4% in excess of CPI (this change has had the greatest financial significance))

As a result of the valuation, new employer contribution rates have been set at 28.6% of pensionable pay from 1 April 2024 until 31 March 2027 (compared to 23.68% under the previous valuation including a 0.08% administration levy). DfE agreed to pay a Teachers Pensions employer contribution grant to cover the additional costs during the 2021-22 academic year, and currently through to July 2024.

The pension costs paid to TPS in the year amounted to £655,000 (2022: £681,000).

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the Isle of Wight Local Authority. The total contribution made for the year ended 31 July 2023 was £1,069,000 of which employer's contributions totalled £844,000 and employees' contributions totalled £225,000. The agreed contribution rates for future years are 22.1% from April 2023 onwards (compared to 23.8% from September 2019 to 31 March 2023) for the college and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

**Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2023 by a qualified independent actuary.

	<b>At 31 July 2023</b>	<b>At 31 July 2022</b>
Rate of increase in salaries	4.00%	3.15%
Future pensions increases	3.00%	2.75%
Discount rate for scheme liabilities	5.05%	3.50%
Inflation assumption (CPI)	3.00%	2.75%
Commutation of pensions to lump sums	50%	63%

The Actuaries, Hymans Robertson LLP, set the pension increases assumption in line with their default Consumer Prices Index (CPI). They have adjusted the CPI assumption of 2.80% to 3.00% to recognise that the 2024 Pension Increase Order is currently expected to be higher than the single CPI assumption set for accounting purposes as at 31 July 2023. The actual PI order for April 2023 was 10.1%, which is significantly higher than the pension increase rate assumption built into the obligations at the start of the accounting period.

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

	<b>At 31 July 2023</b>	<b>At 31 July 2022</b>
	<b>years</b>	<b>years</b>
<i>Retiring today</i>		
Males	20.70	21.70
Females	24.20	24.00
<i>Retiring in 20 years</i>		
Males	21.30	22.50
Females	25.40	25.70

**Isle of Wight College**  
**Notes to the Accounts (continued)**

**21 Defined benefit obligations (continued)**

**Local Government Pension Scheme (Continued)**

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

	Fair Value at 31 July 2023	Fair Value at 31 July 2022
	£'000	£'000
Equities	23,825	22,853
Bonds	5,294	6,203
Property	1,655	1,959
Cash	2,316	1,632
<b>Total fair value of plan assets</b>	<b><u>33,090</u></b>	<b><u>32,647</u></b>
<b>Actual return on plan assets</b>	<b><u>123</u></b>	<b><u>(174)</u></b>

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

	2023	2022
	£'000	£'000
Fair value of plan assets	33,090	32,647
Present value of plan liabilities	(25,982)	(29,000)
Asset ceiling adjustment	(7,108)	-
<b>Net pensions asset (Note 18)</b>	<b><u>-</u></b>	<b><u>3,647</u></b>

The value of the college's share of net assets has been restricted due to the effect of the asset ceiling being the maximum value of the present of the economic benefits available in the form of the unconditional right to reduced contributions from the plan. A corresponding charge has been made to other comprehensive income in the period.

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

	2023	2022
	£'000	£'000
<b>Amounts included in staff costs</b>		
Current service cost	1,144	2,097
Past service cost	0	0
<b>Total</b>	<b><u>1,144</u></b>	<b><u>2,097</u></b>

**Amounts included in investment income**

Net interest income / (cost)	123	(175)
	<b><u>123</u></b>	<b><u>(175)</u></b>

**Amounts recognised in Other Comprehensive Income**

Return on pension plan assets	(470)	(697)
Changes in demographic assumptions	567	151
Changes in assumptions underlying the present value of plan liabilities	7,249	16,070
Other experience	(3,708)	(93)
Asset ceiling adjustment	(7,108)	-
<b>Amount recognised in Other Comprehensive Income</b>	<b><u>(3,470)</u></b>	<b><u>15,431</u></b>

**Isle of Wight College**  
**Notes to the Accounts (continued)**

**21 Defined benefit obligations (continued)**

**Local Government Pension Scheme (Continued)**

**Movement in net defined benefit asset during the year**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Net defined benefit asset / (liability) in scheme at 1 August	3,647	(10,325)
Movement in year:		
Current service cost	(1,144)	(2,097)
Employer contributions	844	813
Past service cost	-	-
Net interest on the defined benefit liability	123	(175)
Actuarial gain or (loss)	3,638	15,431
Asset ceiling adjustment	(7,108)	-
<b>Net defined benefit asset at 31 July</b>	<b><u>-</u></b>	<b><u>3,647</u></b>

**Asset and Liability Reconciliation**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	29,000	42,888
Current service cost	1,144	2,097
Interest cost	1,023	698
Contributions by scheme participants	225	207
Changes in financial assumptions	(7,249)	(16,070)
Changes in demographic assumptions	(567)	(151)
Benefits paid	(854)	(762)
Past service cost	-	-
Other experience	3,260	93
Curtailments and settlements	-	-
<b>Defined benefit obligations at end of period</b>	<b><u>25,982</u></b>	<b><u>29,000</u></b>
<b>Changes in fair value of plan assets</b>		
<b>Fair value of plan assets at start of period</b>	32,647	32,563
Interest income	1,146	523
Other experience	(448)	-
Return on plan assets (excluding net interest on net defined benefit liability)	(470)	(697)
Employer contributions	844	813
Contributions by scheme participants	225	207
Benefits paid	(854)	(762)
<b>Fair value of plan assets at end of period</b>	<b><u>33,090</u></b>	<b><u>32,647</u></b>

**Isle of Wight College**  
**Notes to the Accounts (continued)**

**22 Lease Obligations**

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

	<b>Group and College</b>	
	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Future minimum lease payments due</b>		
<b>Other</b>		
Not later than one year	5	23
Later than one year and not later than five years	-	7
	<u>5</u>	<u>30</u>
Total lease payments due	<u>5</u>	<u>30</u>

**23 Contingent liabilities**

Land and buildings have been partly financed by exchequer funds of £1,446,000. Should these assets be sold, the college may be liable, under the terms of the Financial Memorandum with the Education and Skills Funding Agency, to surrender the proceeds.

**24 Related party transactions**

Due to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest.

The total expenses paid to or on behalf of the Governors during the year was £0; 0 governor (2022: £0; 0 governor). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2022: None).

Delamite Limited - a wholly owned subsidiary of the Isle of Wight College

During the year the intercompany account with Delamite Ltd increased by £5,098 (2022: £5,038) and at the balance sheet date the College was owed a balance of £1,532,227 (2022: £1,527,130) from Delamite Ltd.



**Isle of Wight College**  
**Notes to the Accounts (continued)**

**25 Amounts disbursed as agent**

<b>Learner support funds</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
16-19 bursary funds	393	388
16-19 capacity and delivery bursary funds	0	0
Advance learner loans bursary	74	53
	<u>467</u>	<u>441</u>
B/fwd funds	296	299
Advance Learner Loan repaid/forgiven	(15)	(67)
Disbursed to students	(330)	(356)
Administration costs	(23)	(21)
Balance unspent as at 31 July, included in creditors	<u><u>395</u></u>	<u><u>296</u></u>

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

**26 Events after the reporting period**

After the reporting period for this financial year but prior to the signing of the financial statements, the College was inspected by Ofsted in September 2023 with an outcome of Good. The report was published in November 2023.

## **INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF ISLE OF WIGHT COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY**

### **Conclusion**

We have carried out an engagement, in accordance with the terms of our engagement letter dated 22 October 2021 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or those of any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by Isle of Wight College during the period 1 August 2022 to 31 July 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Basis for conclusion**

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

We have complied with the independence and other ethical requirements of the FRC's Ethical Standard and the ethical pronouncements of the ICAEW. We also apply International Standard on Quality Management (UK) 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and accordingly maintain comprehensive systems of continuing quality management.

### **Responsibilities of Corporation of Isle of Wight College for regularity**

The Corporation of Isle of Wight College is responsible, under the grant funding agreements and contracts with the ESFA and 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 which govern them. The Corporation of Isle of Wight College is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

### **Reporting accountant's responsibilities for reporting on regularity**

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.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and those of any other public funder and high level

financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

**Use of our report**

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

**RSM UK AUDIT LLP**  
Chartered Accountants  
Highfield Court  
Tollgate  
Chandlers Ford  
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Hampshire  
SO53 3TY

Date: December 2023