South Staffordshire College

Members' Report and Financial Statements

For the year ended 31 July 2025

Key Management Personnel, Board of Governors and Professional Advisers

Key Management Personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2024/25:

C Boliver - Chief Executive and Principal Accounting Officer
K Hookham - Deputy Chief Executive
J Snow - Deputy Principal Finance & Resources
K O'Reilly – Assistant Principal Human Resources (to 30th June 2025)
L Wagstaff – Assistant Principal Human Resources (from 30th June 2025)
K Turley – Assistant Principal Quality and Curriculum
K Vaughan – Assistant Principal Learner Services

Principal College Address

South Staffordshire College, Rodbaston Drive, Penkridge, ST19 5PH

Board of Governors

A full list of Governors is given on pages 18-19 of these financial statements.

Professional Advisers

Financial statements and regularity auditor:	Forvis Mazars LLP, Park View House, 58 The Ropewalk, Nottingham, NG1 5DW
Internal auditor:	Validera Unit 3 Crompton Court Attwood Road Burntwood Staffordshire, WS7 3GG
Bankers:	Virgin Money, 133-138 New Street, Birmingham, B2 4JQ Barclays Bank plc, PO Box 130, Dudley, West Midlands, DY1 1YR
Solicitors:	Pickering & Butters 19 Greengate Street Stafford, Staffordshire, ST16 2LU

Contents

Strategic Report

OBJECTIVES AND STRATEGY

The Governing Body present their annual report together with the financial statements and auditor's report for South Staffordshire College for the year ended 31 July 2025.

Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting South Staffordshire College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011. The Strategic Report describes the College's operations and its principal activities.

Mission, Vision, Strategy and Objectives

The College has a strategic framework which outlines the direction of the College until 2030. The core purpose as approved by its members is to "transform people's lives". The College does this through a set of priorities in order to overcome the significant skills shortages and challenges within the economy and the wider community needs. Our priorities align with national, regional and local needs through continual review of policy and priorities from central government, the Department for Education, Ofqual, Ofsted, our local authorities and councils, local skills improvement groups and stakeholder feedback. The College's Vision 2030: Our Dynamic Plan and Accountability Statement is available on the College website.

The College has established a set of strategic objectives to support the achievement of the College's purpose and vision, these being:

- **Participation**
  Be the first-choice college by meeting the needs of local and regional priorities
- **Provision**
  Deliver demand-led, well sequenced, high quality vocational, technical and professional skills in collaboration with others that lead to sustainable careers and employment
- **People**
  High staff engagement through reward/recognition, development and health/wellbeing interventions
- **Prosperity**
  Remain a financially robust, sustainable and resilient organisation that can continue to develop and invest in its facilities, infrastructure and workforce

Implementation of Strategic Plan

The College strategic plan was approved by the Board in June 2025 and has been adopted by staff throughout the College. The College has increased the visibility of its performance data to its staff with half termly meetings at the three main campuses between senior managers and staff. The Corporation also monitors the performance of the College against these objectives and the KPIs linked to them.

Resources

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

The College employs 680 people, of whom 372 are teaching delivery staff.

The College enrolled 6,207 students in 2024/25. The College's student population includes 3,427 16-to-18-year-old students, 576 apprentices, 118 higher education students, and 2,086 adult learners.

The College has £23,676,000 of net assets and debt of £2,425,000. Tangible resources include the four main College sites located in Rodbaston, Tamworth, Lichfield and Cannock. The College also operates on a leased basis at TORC. TORC is a satellite centre based in Tamworth which provides Construction and Futures (SEND) provision.

Strategic Report - *Continued*

Resources - *continued*

The College has a good reputation locally and was successful in securing investment from regional Local Enterprise Partnerships, while still in existence, to improve College facilities to enable growth in key priority skills areas. Maintaining a quality brand is essential for the College's success at attracting students and employers and enhancing external relationships.

STAKEHOLDERS

The College has many stakeholders including:

- Its current, future and past students,
- Its staff and their trade unions,
- The employers it works with,
- The professional organisations in the sectors where it works,
- Its partner schools and universities; the wider College community,
- Its local councils, local authorities and mayoral authorities and the Staffordshire Chamber of Commerce.

PUBLIC BENEFIT

South Staffordshire College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 18 to 19.

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

In 2024/25 the College delivered to 6,207 students, including 503 students with high needs (2023/24: 449). The College provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. The College adjusts its courses to meet the needs of local employers and this will be particularly important as the economy recovers over the next few years. The College provides training to 576 apprentices. The College is committed to providing information, advice and guidance to the students it enrols and to finding suitable courses for as many students as possible regardless of their educational background.

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

- Widening participation and tackling social exclusion,
- Excellent progression and employment record for students,
- Very strong student support systems,
- Links with employers, industry and commerce,
- Links with Local Authorities, Local Councils and Mayoral Authorities.

Strategic Report - *Continued*

DEVELOPMENT AND PERFORMANCE

Financial Results

The College made an operating surplus before gains on disposal of assets and actuarial gains in respect of pension schemes for the period ended 31 July 2025 of £2,872,000 (*2023/24: surplus £1,908,000)*.

The College has accumulated positive reserves of £23,676,000 (*2023/24: £21,385,000 positive reserves*) and a net cash balance of £8,416,000 (*2023/24:* £7,109,000).

Tangible fixed asset additions during the year amounted to £24,675 of which £5,062,000 was invested in equipment, £3,639,000 was invested in building works and £15,974,000 was spent on the development costs of the new Tamworth Campus relocation project.

Ofsted Grading

The College received a full Ofsted inspection in April 2024 and was pleased with a "Good" outcome, which reflected the hard work put in by the College to improve. The College received "Good" grades across all of its sub-grades which was especially pleasing for Apprenticeships, where the College has worked very hard to make improvements. The Inspection grade was confirmed and publicised on the 14th May 2024.

Developments

The project to build the new Tamworth Campus was nearing completion at the end of July 2025 and was completed in August 2025. The College started teaching from the site from September 2025. The project was funded by grants from the DFE FE Capital Transformation Fund alongside Future High Street Fund grants from Tamworth Borough Council. The current Tamworth site was sold to Homes England in March 2023 and the proceeds put towards the cost of the new building. The College will continue to operate at the current site under a lease agreement with Homes England until a few final learners complete their course in November 2025.

The College completed its T Level Capital Funded project to create a new Animal Care Teaching Block at Rodbaston. The Bowker Centre opened to learners in February 2025 as is the main location for the teaching of the T Level in Animal Management. The College used a grant from Cannock Chase District Council to redevelop the Manse building at the Cannock Campus as an adult skills and employability centre. The centre opened in June 2025 and is delivering new skills to the College's learners.

A number of property developments were completed at the Lichfield Campus including the second and final phase of the redevelopment of Music Facilities and the rearrangement of teaching spaces to create improved spaces for Performing Arts and

Financial Reserves

The College has accumulated reserves of £23,676,000 and cash and short-term investment balances of £8,416,000. These reserves enable it to continue to implement its longer-term strategy, deal with unforeseen financial pressures and allows affordable investments to be made. The reserves of cash are particularly important as the College finalises the major capital redevelopment in Tamworth and considers other Property Strategy improvements. Annually, the College looks to increase its reserves to enable further developments to be implemented particularly in the development of resources for learners and the execution of the College Property Strategy.

Sources of Income

The College has significant reliance on the education sector funding bodies for its income, largely from recurrent grants. In 2024/25 the FE funding bodies provided 81.4% of the College's total income.

FUTURE PROSPECTS

Future Developments

The College would like to reduce dependency on the funding bodies and is seeking opportunities to grow and diversify its income, particularly in the areas where the College currently performs well. Apprenticeship provision saw a strong increase in achievement rates in 2023/24 and the College is satisfied that this provides a good basis to expand its apprenticeship provision, certainly in terms of volume. Adult skills training remains a focus for the College particularly where this is linked to employers.

The College, with the support of capital grants from the DFE and Tamworth Borough Council has relocated its Tamworth Campus into Tamworth town centre with teaching starting, in full, from the new site in September 2025. The Croft Street site has been sold to Homes England for residential development. The College has also completed its review of the Rodbaston and Lichfield sites, both of which have experienced significant growth. The Rodbaston Campus still has a high proportion of poor-quality accommodation, and the College has already started the first phase of improvements and curriculum reorganisation at the Lichfield Campus. The College is also concerned that it will soon run out of teaching space at its Cannock Campus.

The College continues to review its Property Strategy which will lead to medium to long term investment in the College's properties. The Property Strategy will take account of the changing curriculum requirements in each of the College's geographical markets and seek to provide outstanding facilities for learners and staff alike. This will incorporate the masterplan for the Rodbaston Campus which will result in a consolidation of properties, improvements to access and better commercial areas. There will also be a review of the wider land use at the site. The recommendations from the review of the Lichfield Campus will also be included.

After reviewing all assets, the Corporation agreed in summer 2019 to dispose of eight residential properties that were 'non-core' assets. This left the College with additional cash reserves (£1,851,000). The Corporation receives regular reports through the management accounts on the cash proceeds and how the proceeds are being spent or preserved. The College has also used the remaining balance of the proceeds from the sale of the Croft Road Tamworth Campus, which have been reinvested into the new Town Centre College Campus.

Financial Plan

The College governors approved a two-year financial plan in July 2025 which sets objectives for the two-year period to 2027. The forecast is underpinned by a number of financial aims and objectives.

Financial Aims and Objectives

- To hold a minimum Financial Health grade of 'Good' (DFE measures).
- Continue the positive financial performance of the College and generate cash for reinvestment.
- Maintain pay costs to a maximum of 70% of income.
- Reduce borrowing and increase cash levels.
- Increase investment in facilities, resources and systems.

The College's financial objectives are:

- Adjusted current ratio (the measure of balance sheet strength) in excess of 2.0,
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA – a measure of the strength of the surplus) as a percentage of income in excess of 7%,
- Long term borrowing compared to adjusted income at less than 5%,
- Pay costs as a percentage of adjusted income of less than 70%,
- Positive cash generation with cash balances equivalent to at least 50 cash days.

Strategic Report - Continued

Treasury Policies and Objectives

The College has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. All borrowing requires the authorisation of the Corporation.

Cash Flows and Liquidity

The year saw a net cash inflow of £1,308,000 (*2023/24 cash inflow £682,000*). The College has unspent grants at year end comprising of £1,248,000 of FE Capital Condition Funding received in June 2025.

Going Concern

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

The going concern situation is, on balance, positive for 2024/25:

- The economic environment has become less hostile, in some respects, with inflation falling and lower energy costs however the UK economy is not performing well and it is generally accepted that public services will need to be cut or taxes will need to increase to balance the national deficit. Having said this, the College received additional 16-18 funding during the 2024/25 financial year for the increased volume of learners and via increases in funding rates designed to support elevated pay awards for college staff that were equitable with those pay awards in schools.
- The Tamworth Relocation Project is complete and the financial impact of the project is fully understood and embedded into College forecasts and cashflow plans. Additional cash generated in 2024/25 and a review of timings for future capital projects make the extra costs manageable. This provides a level of certainty for the College's finances that has been absent for the last two years. The College retains its "Outstanding" DFE financial health and covenant compliance for the life of the forecasts, meaning the Tamworth Relocation Project costs have little financial impact.
- College property at Rodbaston, Lichfield and TORC needs financial investment to improve poor quality or spatially inefficient building. All campuses are experiencing a shortage of space due to the rapid increase in 16-18 learner numbers, which has continued into the 2025/26 financial year. Much of this expenditure is already factored into medium term financial forecasts.
- The combined effects of these situations were predominantly included in the July 2025 financial forecast and therefore the College is not expecting to have any concerns around financial health or bank covenant compliance in 2024/25 or 2025/26.

However, the College is well placed to withstand these issues because:

- The College has good levels of cash and relatively low levels of borrowing at around 6.1% of income.
- The forecast for 2025/26 continues to show that, on an operating level, the College is performing well and has improved on its budget position.
- The College is experiencing higher than expected levels of growth in 16-18 learners which will increase funding further in 2026/27 on a lagged basis and may result in a reasonable amount of in-year 16-18 funding in 2025/26. 16-18 funding is the only area of funding where the government has committed to increase funding rates in the medium term.
- Additional capital grant funding is being directed to the FE Sector to address issues with capacity and condition which means that the College does not have to rely solely on cash reserves.

The positive financial performance in 2024/25 has provided additional cash that will allow the College to invest further in staff pay and will allow decisions to be made regarding the investment in property improvements at Lichfield Campus as well as improving the quality and security of the College's IT network and hardware infrastructure.

Strategic Report - *Continued*

Going Concern - *continued*

The positive financial forecasts for 2025/26 and 2026/27, which will be further boosted by the likely receipt of 16-18 In Year Growth Funding and the receipt of some capital improvement funding from the DFE, will allow the College to invest further and remain on top of its longer-term property and equipment investment requirements.

The largest threat to the going concern status of the College is if it breaches financial covenants on its Barclays Bank loan and has to repay the debt in its entirety. The College has adequate cash levels to repay the loan as a worst case scenario, albeit by curtailing some of its capital investment plans. The reallocation of long term debt into current liabilities would also be manageable given the strength of the College's current ratio calculation. This would likely result in the College's financial health grade falling to "Good" from "Outstanding". The Barclays debt service covenant calculation also has a cash "add back" line within the formula which supports the covenant at 100% if cash is reducing due to asset investment.

Therefore, at an operating level, the College is performing well and asset investment is supported by the covenant calculation methodology. The College has good levels of cash and has an "Outstanding" financial health rating in 2024/25. At 31 July 2025 the College had not breached its financial covenants and it was not forecast that there will be any future breach up to 2026/27. Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operate for the foreseeable future, and for this reason it will continue to adopt the going concern basis in the preparation of its Financial Statements.

Reserves

The College has Reserves Policy which is reviewed annually and as part of the Statement of Recommended Practice for charities, the College is required to include a statement in the Financial Statements on its Reserves Policy. The College recognises the importance of reserves for the financial stability of the organisation and ensures that there are adequate reserves to support the College's core activities. As at the balance sheet date the Income and Expenditure reserve stands at a positive value of £20,071,000 (*2023/24: positive £17,780,000*) and cash balances stand at £8,416,000 including short term investments. It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

The College Reserves Policy is based on the following principles:

- To maintain sufficient reserves to enable the College to meet its charitable purpose and continue to provide a public benefit to current beneficiaries,
- To balance the expenditure of income on current beneficiaries against ensuring that facilities and services have sufficient investment to improve and endure for future beneficiaries,
- To maintain a level of reserves that are prudent for the College to be considered a going concern but may include non-expendable reserves such as reserves applied to tangible fixed assets and reserves designated for or restricted to a certain purpose.

When looking at the level of reserves the College will consider the following:

- Cash Balances - amounts held in cash and short-term investments at the end of a financial accounting period.,
- Net assets – total of restricted and non-restricted assets.

The general principal of maintaining reserves is to

- Retain a minimum of 50 days of cash reserves (including cash investments) after the deduction of unspent capital grants and other specified cash reserves. 50 cash days being the FE Commissioner baseline of 40 days plus a safety cushion of 10 days,
- Retain reserves equivalent to at least 50% of annual projected turnover (Adjusted Income as per DFE calculations) for the current financial year.

Strategic Report - *Continued*

Bank Covenants

There have been no breaches in covenants imposed on the College, and covenants have performed well in the 2024/25 financial year. The College only has financial covenants with Barclays Bank debt currently. The debt service covenants in the 2023/24 and 2024/25 financial years were particularly affected by the investment in the Tamworth Relocation Project. A variation agreement with Barclays provides support with covenant calculations during the construction phase of the Tamworth New Build.

The College is covenant compliant for 2024/25 based on the most recent forecast and is covenant compliant in 2025/26 and 2026/27 based on the Three-Year Forecast submitted in July 2025.

Barclays Bank Covenants	Measure	2023/24	2024/25	2025/26	2026/27
Debt Service Cover	*>100%*	1,082%	679%	108%	112%
Operational Leverage	*<375%*	32%	50%	63%	58%
Cash Levels	*>£1,700,000*	£7,109,000	£8,416,000	£6,252,000	£6,317,000

The rapid fall in Debt Service Cover from 2023-24 to 2025-26 relates to the additional support provided in the calculation of Barclays financial covenants through the build phase of the Tamworth Relocation Project. Due to the delays in the new build, this support arrived slightly earlier than expected which resulted in higher compliance levels in 2023-24 and 2024-25. The 100% compliance rate in 2025-26 is due to the final payments for the Tamworth Relocation Project and as well as other capital projects planned – there is no issue with underlying financial performance. The mechanism of the Barclays covenant calculation "adds back" cash into the calculation where cash is falling because of asset investment, which is the case in the 2025-26 financial year.

The College requested the draw down of the £1,500,000 facility from the Department for Education (DFE) in October 2024. The DFE loan facility has no financial covenants that need reviewing and its existence does not on Barclays loan covenants other than the additional interest and repayments.

The Corporation considers that the College has adequate liquid resources and reserves (including property portfolio) to continue operations for the foreseeable future. The Executive Leadership Team is actively improving efficiency by controlling costs and increasing income. Careful management of costs and planning of capital expenditure will mean the College will have sufficient cash to manage through this period based on the latest projections. These projections include the full costs and grant income for the Tamworth Relocation Project which is a substantial project with total project costs including fees of over £34,500,000. For these reasons, the College continues to adopt the going concern basis in preparing the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

The College has developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability.

The Board has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

A corporate risk register is maintained which is reviewed at each meeting by the Audit Committee and at subsequent Corporation meetings by the Board. 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. The College also completes an annual review of risk management and control, which is reviewed by the Audit Committee and Corporation alongside the annual financial statements.

Strategic Report - *Continued*

Risk Management - *continued*

The main risk factors affecting the College are outlined below along with the action taken to minimise them. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

1. Failure to maintain the financial viability of the College in the face of high inflation, elevated energy costs and high pay demands

The College's financial health grade based on its 2024/25 financial statements is classified as "Outstanding" and is expected to remain at least "Good" for the foreseeable future. However, the financial outlook for colleges continues to be difficult with the multiple effect of:

- The Government have signalled that public finances are not strong however the 2024 budget allocated more revenue funding for colleges through the Department for Education to keep pace with increasing volumes and provide some increases in funding rates. Some capital funding was announced however this will be allocated to colleges by formula, not to those with the most need.
- The increase in salary demands to recruit and retain staff across all parts of the College but particularly teaching and assessing staff. Teaching staff in schools have accepted a 4.0% pay award for 2025/26 and although the government has given the FE sector additional funds to award a similar pay award to their staff, general affordability has to be considered as well as the future impact of making a 4.0%+ pay award. Colleges are under pressure to at least match the pay award made to schools although unions are pushing for a pay award of 10%. The College received notification that teaching staff affiliated to the Universities and Colleges Union would be balloted on strike action in the Autumn.
- The College has now completed its Tamworth Relocation Project, and this major risk to costs and teaching delivery is now closed. However the project was over budget and an additional £300,000 of cost has been added since the completion of the Three Year Financial Forecast in July 2025. This additional cost will need to be either absorbed by improved operational financial performance or offset by other savings in capital expenditure.

The College will continue to monitor its financial forecasts and review financial health position with the DFE. The College will also review compliance with banking covenants and maintain close communications with both banks and the DFE. The College will also look to support any lobbying activity which is requesting that the DFE or the government provide similar financial support to colleges to help with additional operating costs in the future particularly around salary and pension costs.

2. Property Strategy Developments

The College has identified the risks to its property strategy as a major risk to its future operations. Not only does the College have some poor-quality accommodation, particularly at Rodbaston, it is also running short on space to deliver teaching and learning, particularly at Cannock and Lichfield. The College has around 700 more 16-18 learners than in September 2023 and the lack of space will ultimately lead to learners being turned away.

The following issues contribute to the risk of the College not being able to execute its Property Strategy:

- The College is about to begin the process of refreshing its Property Strategy including the renovation of IT networking at Rodbaston, Cannock, Lichfield and TORC. The completed Property Strategy document will allow the College to prioritise what developments to work on.
- Although £375 million of DFE capital funds have been allocated to the FE sector, it is unclear how this funding will be allocated to individual colleges, especially where larger capital projects (and funding) is required such as at Rodbaston.
- The FE sector is no longer allowed to borrow funds as colleges were reclassified as public sector organisations in November 2022.

The College will work quickly to ensure it has identified the most relevant projects required to meet the most pressing demand for either additional space or for better quality accommodation.

Strategic Report - *Continued*

Risk Management - *continued*

3. Transition to T-Levels

The College has considerable reliance on 16-18 funding through the DFE and has a good proportion of learners undertaking Level 3 provision. The former Conservative government were pushing the T-Level agenda in colleges to replace traditional BTEC type provision at Level 3, but this transition has been paused by the Labour government, who have now announced alternative arrangements including new "V-Level" qualifications. The additional funding and investment in equipment for colleges is welcome however participation in T Level courses is not strong, with the reduction in GCSE pass rates in August 2024 and 2025 again highlighting the risks of school leavers having the necessary grades to enrol on and flourish on T level qualifications. This will lead to certain learners having their learning pathway blocked with no alternative options to achieve relevant qualifications.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements.
- Regular dialogue with the DFE funding body.
- By reshaping structures and provision to meet changing needs.

4. Staff resourcing while experiencing difficulties in recruiting and retaining staff

The College, along with other education providers and the wider UK economy, has experienced difficulties in recruiting to a range of positions in both teaching and support roles. The funding income offered to colleges means that the sector cannot compete against other private sector employers, particularly with support staff and with staff who teach traditional trades such as electrical engineering. The variance in teaching salaries between schools and colleges also presents problems. The College has had to rely on agency staffing in some teaching areas and has had long periods with understaffing in other teaching areas, which is now beginning to ease. The problem has also affected the delivery of apprenticeship provision. This risk is mitigated in a number of ways:

- By using agency staffing to cover vacancies particularly in teaching areas.
- By trying to maintain competitive pay levels where funding increases allow.
- Advertising and promoting other employer benefits such as extra holidays and flexible working.
- Reviewing workloads and finding more efficient processes so that staff are able to work with less pressure and stress.

5. The quality of provision and the improvement in outcomes

South Staffordshire College saw an improvement in achievement rates in 2023/24 and this trend continues into 2024/25, with improvements to key delivery areas such as 16-18 learners and Apprenticeship rates. The risk that achievement rates improvements are not maintained is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, and the quality of teaching and training is also high.
- By completing a thorough and impartial College self assessment review (SAR) which highlights strengths and weaknesses, and explains how the weaknesses will be addressed.
- Assessing where particular improvement needs to be made when national averages are available in 2026.
- The introduction of more support for learners so that they are able to stay in College for the full year and reach their potential when undergoing assessments.

6. The threat against the cybersecurity of the College

The College is aware of the ongoing threat to organisations in the UK and internationally from malicious cyber activity which could result in the theft of data and/or the loss of control of the College's network and data, possibly with demands for a ransom. The risks of this situation occurring, and the response to such an incident, are mitigated in a number of ways:

Strategic Report – *Continued*

- By ensuring the College has a strong and well supported range of IT network protections in place that will guard against malicious attempts to access our IT networks.
- By training and testing staff to ensure that they are aware of typical cybersecurity threats.
- By testing the College IT network and the controls within it by employing penetration testing for passwords and access controls.
- By ensuring that all IT hardware is using at least a Windows 11 operating system rather than Windows 10, which stops being supported at the end of October 2025.
- By having cyber insurance in place that will help support and respond to incidents and will cover some of the financial aspects of dealing with a cyber security incident.

KEY PERFORMANCE INDICATORS

Financial Performance Indicators

South Staffordshire College set financial objectives for the 2024/25 financial year in its budget and three-year forecast produced in July 2024. Performance indicators have been agreed to monitor the implementation of the objectives. These are listed below along with performance for the year to July 2025:

Income & Expenditure	31 July 2025 £'000s	24/25 Budget £'000s
Operating income	£40,531	£34,392
Operating expenditure	£37,659	£33,692
College operating surplus measure	**£2,872**	**£700**
Restructuring costs	(£39)	(£100)
Pension adjustments (service cost and interest)	£807	(£2,283)
Pension adjustments (actuarial adjustment)	-	-
Loss on disposal of assets	-	-
Total Surplus for the Year	**£3,640**	**(£1,683)**

Performance Indicators	31 July 2025	24/25 Budget
Comprehensive income/(loss) for the year (£000s)	£2,291	(£1,683)
College operating surplus measure	£2,872	£700
EBITDA as a % of adjusted income – education specific	13.0%	6.9%
Adjusted cash days in hand	89.0	59.4
Adjusted current ratio	1.96	1.76
Total borrowing as a % of adjusted income	6.3%	7.2%
Staff costs (incl. contracting/excl. restructure) as % of income	67.1%	70.0%
Financial Health	Outstanding	Good

The College is committed to observing the importance of sector measures and indicators including the use of FE Commissioner targets. The College is required to complete the annual Finance Record for the DFE. The College is assessed by the DFE as having a "Outstanding" financial health grading based on its 2024/25 finance record and will have "Outstanding" financial health in 2025/26 and the foreseeable future.

Strategic Report - *Continued*

Financial Performance Indicators - *continued*

Financial Results	31 July 2025 £'000s	24/25 Forecast £'000s	Variance £'000s
Comprehensive Income for the Year	**£2,291**	**£1,500**	**£791**
*Add: Redundancy	£39	£100	(£61)
Add: Disposal of assets	-	-	-
Add: Actuarial pension adjustment	£1,349	-	£1,349
Less: Pension finance interest income	(£1,078)	(£1,053)	(£25)
Less: Pension service income	£271	£1,353	(£1,082)
Operating Surplus	**£2,872**	**£1,900**	**£972**

The table above compares the final forecast out-turn published in July 2025 with the final audited financial statements approved in December 2025. There is a large positive variance between what was expected in July 2025 and the final results in the financial statements. There are a number of reasons including:

- Additional income of around £500,000 from a number of sources including Adult Skills Funding, Apprenticeships and grant income.
- An underspend in pay costs of £160,000 relating mainly to agency staffing.
- An underspend in the net balance of depreciation and capital grant releases (c£250,000) mainly due to the delayed Tamworth Relocation Project, with the project ending after the 2024-25 year end.
- An underspend in redundancy costs of £60,000

The comprehensive Income position reported in these financial accounts is £791,000 favourable to the July 2025 forecast, however when pension finance costs, redundancy and accelerated depreciation are set aside, the operating surplus is £972,000 better than forecast.

Student Achievements

Headline achievement rates including English and maths have improved again, increasing by 1.2% to 86.0% in 2024/25. Achievement for 16-18 programmes improved from 84.5% to 85.7%. Achievement for Adult programmes increased from 85.3% to 86.7%. Retention rates increased for all learners from 90.1% to 90.4%, with 16-18 learners increasing from 89.6% to 89.7% and Adults increasing from 90.9% to 91.6%. Overall pass rates also increased from 94.1% to 95.2%.

For Apprenticeship provision there was a significant increase in overall achievement rates to 67.0% from 66.3%. The improvements reflect the large amount of internal and external effort and resource provided by the College to drive improvements.

OTHER INFORMATION

Equality, Diversity and Inclusion

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage, and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

Strategic Report - *Continued*

Equality, Diversity and Inclusion - *continued*

The College is currently working through the steps to achieve Investor in Diversity status. The College's Equality, Diversity and Inclusion Policy is published on the College's internet site. All staff are mandated to undertake regular equality and diversity training.

The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The College publishes an Annual Equality, Diversity and Inclusion Report and which includes objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also completed for existing policies and procedures on a prioritised basis.

Disability Statement

The College has achieved Disability Confident Leader accreditation status, and seeks to achieve and exceed the objectives set down in the Equality Act 2010:

a. The College has accessible buildings at its various campuses. The College has bespoke Futures Centres for SEND learners at its Rodbaston and TORC Campuses.
b. The College makes its website as accessible as possible and works with learners to further improve its accessibility and ease of use.
c. The College has a Student Support Team who can provide information, advice and arranges support where necessary for students with disabilities.
d. There is a list of specialist equipment which the College can make available for use by students and a range of assistive technology is available in the learning centres.
e. The College has an Admissions Policy which covers all students. Appeals against a decision not to offer a place are dealt with under the Complaints Policy.
f. The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are several learning 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.
g. Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
h. Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Statement of Corporate Governance and Internal Control

Governance Statement

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2024 to 31 July 2025 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and

ii. in full accordance with the guidance to Colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code")

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the Board has adopted and complied with the Code, which it formally adopted from 1 August 2015.

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 2025. 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.

The Corporation

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

Name	Date of Appointment	Term of Office	Date Resigned	Status of Appointment	Committees Served	Attendance in 2024/25
Philip Atkins	01/08/08	10/12/24		External	Audit Committee	Board:100% Audit: 50%
Steven Aston-Bell	18/11/24	17/11/28		External	Audit Committee Curriculum & Quality	Board: 80% Audit: 100% CQIG: 100%
Claire Boliver	01/03/18	Whilst in post		Chief Executive Principal	G&S Committee Finance Curriculum & Quality	Board: 83% G&S: 100% FG: 75% CQIG: 67%
Yvonne Bradshaw	01/09/21	31/08/29		External	G&S Committee Curriculum & Quality	Board: 100% G&S: 100% CQIG: 100%
Chris Brewerton	01/08/23	31/07/27		External	Curriculum & Quality	Board: 100% CQIG: 67%
Stephen Davies	18/11/24	17/11/28		Co-opted	Audit Committee	Audit: 100%
Andrew Elsby-Smith	01/08/19	31/07/27		External	Audit Committee Remuneration Curriculum & Quality	Board: 83% Audit: 100% Rem: 100% CQIG: 100%

Strategic Report - *Continued*

Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the College.

	Employees
Employees who were relevant union officials during the period	2
FTE employees who were relevant union officials during the period	0.2

Percentage of time	Employees
0%	0
1-50%	2
51-99%	0
100%	0

Proportion of Pay Bill Spent on Union Time	£'000s
Total cost of facility time	£7,332
Total pay bill (less pension service costs)	£21,914,247
Percentage of total bill spent on facility time	0.034%

Time spent on paid trade union activities as a percentage of total paid facility time	4.11%

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 is committed to paying all suppliers within the timescales provided it is satisfied that goods and services have been provided in accordance with the agreed terms and conditions.

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 South Staffordshire College Corporation on 11 December 2025 and signed on its behalf by:

M Rowley
Chair of the Corporation

Statement of Corporate Governance and Internal Control - *Continued*

The Corporation - *continued*

Name	Date of Appointment	Term of Office	Date Resigned	Status of Appointment	Committees Served	Attendance in 2024/25
Liz Furey	03/02/22	02/02/26		External	Finance	Board: 83% FG: 100%
Daniel Gallagher	12/11/23	11/11/27		Staff		Board: 67% CQIG: 67%
David Isteed	01/08/19	31/07/27		External	Audit Committee	Board: 83% Audit: 75%
Rose Judeh-Elwell	21/03/23	20/03/27		External	Curriculum & Quality	Board: 100% CQIG: 33%
Tim Legge	01/08/08	31/07/26		External (Vice Chair)	G&S Committee Curriculum & Quality	Board: 100% G&S: 33% CQIG: 100%
Mike Rowley	05/06/14	04/06/26		External	G&S Committee Remuneration Finance	Board: 83% G&S: 67% Rem: 100% FG: 75%
Beth Selwood	08/11/23	07/11/27		Co-Opted	Curriculum & Quality	CQIG: 67%
Helen Simpson	01/08/19	31/07/27		External	Audit Committee Finance	Board: 50% Audit: 100% FG: 50%
Nikki Sinclair	21/03/23	20/03/27		External	G&S Committee Remuneration	Board: 33% G&S: 100% Rem: 100%
Angela Storer	18/11/24	17/11/28	20/08/25	External	Finance	Board: 80% FG: 100%
Nicki Truman	11/12/19	10/12/27		Staff	G&S Committee	Board: 100% G&S: 100%
Jonathon Eyre	01/09/23	Whilst still a learner		Student		Board: 67% CQIG: 67%
Molly Taunton	25/11/24	Whilst still a learner		Student		Board: 33% CQIG: 67%

Jo Hutchison acted as Head of Governance to the Corporation for South Staffordshire College for the full period of these financial statements.

Statement of Corporate Governance and Internal Control - *Continued*

The Corporation - *continued*

Beth Selwood is a co-opted governor who sits on the College Curriculum & Quality Improvement Group. Stephen Davies is a co-opted member of the Audit Committee. Student and Staff Governors attend the Curriculum & Quality Improvement Group but are not voting members.

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 has met on six occasions throughout 2024/25.

During the 2022/23 financial year, the Corporation commissioned an External Governance Review and appointed the Association of Colleges (AoC) to undertake that review.

The Review was conducted over the period March to May 2023 and was conducted against the published AoC framework for FE College External Board Reviews. The External Reviewer reported her findings to the Governance & Search Committee in May 2023. The final Report with the External Reviewer's conclusions was presented to the Board of Governors at its meeting in July 2023. The overall conclusion from the External Review on Board effectiveness is that:

"There is strong evidence that the Board is highly proficient and consistently impacts positively on College strategy, effectiveness and outcomes."

The External Review made five recommendations, which are set out below, and which became the basis of the Action Plan which is being monitored by the Governance & Search Committee.

1. Review how to better integrate the staff and student governors in all meetings
2. Ensure those attending remotely have equal access to meeting discussions and questioning
3. Review the schedule of work for meetings to allow for more strategic discussion
4. Introduce more reference to the statutory responsibility over meeting skills needs
5. Introduce mentoring for new governors on appointment as part of induction

The implementation of the above actions has been overseen by the Governance & Search Committee during the 2024/25 academic year. A new External Review of Board effectiveness will be commissioned during the 2025/26 financial year.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Governance & Search, Remuneration and Audit. The Board also has three less formal governor groups overseeing the College's financial position, the quality of educational provision and the relocation of the Tamworth Campus. Full minutes of all Corporation and Audit Committee meetings, except those deemed to be confidential by the Corporation, are available on the College's website at www.southstaffs.ac.uk or from the Head of Governance to the Corporation at: South Staffordshire College, Rodbaston Campus, Penkridge, Staffs, ST19 5PH.

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

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

Statement of Corporate Governance and Internal Control - *Continued*

The Corporation - *continued*

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 of the Corporation and Chief Executive Principal of the College are separate.

Appointments to the Corporation

There are currently places for 20 members of the Corporation including the Chief Executive Principal, two governors nominated by the College staff and two governors nominated by the students. Any new appointments to the Corporation are made by the Corporation as a whole. The Corporation has a Governance & Search Committee which is responsible for the selection and nomination of any new member for appointment by the Corporation.

The Corporation's policy on the selection of members is available on the College website. The Corporation is responsible for ensuring that appropriate training is provided as required. The Remuneration Committee was introduced to review senior post holder renumeration and performance in response to the AoC's Senior Post Holder Remuneration Code.

Members of the Corporation are appointed for a term of office not exceeding four years in accordance with the recommendations of the Committee on Standards in Public Life. The Corporation maintains a skills audit of members and seeks to ensure that a wide range of skills, expertise and diversity is present amongst governors to encourage effective challenge and scrutiny of management plans and actions.

Corporation performance

The Corporation met six times during the year and have overseen a variety of complex issues such as the oversight of progress towards relocating the Tamworth Campus into Tamworth town centre, plus other capital projects in Rodbaston and oversight of the work to improve quality standards in the College's Apprenticeship delivery. The Corporation has contributed to the strategy document that will take the College forward to 2030. As part of this, the Corporation regularly review a set of agreed KPIs to assess the performance of the College.

In addition to the External Governance Review which was undertaken last year, the Corporation reviewed its own performance and agreed actions to continue to improve on its overall good performance.

Governance & Search Committee

The Governance & Search Committee comprises six members of the Corporation, including the Chief Executive Principal and the Support Staff Governor. The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the appointment, re-appointment and development of governors as well as succession planning of governors and to consider all aspects of good governance in relation to this. The Committee also oversees regular self-assessment processes and any external reviews commissioned by the Corporation. In addition the Committee has a role in planning and overseeing the how well the College's training and education meets local needs.

The Committee met three times during the academic year and is responsible for ensuring that appropriate training is provided for Corporation members.

Statement of Corporate Governance and Internal Control - *Continued*

Remuneration Committee

The Remuneration Committee comprises of four members of the Corporation. The Committee meets at least once per academic year and operates in accordance with written terms of reference approved by the Corporation. In 2024/25 the Committee met once. Its purpose is to advise the Corporation on the remuneration of senior post holders, including the Chief Executive Principal, the Deputy Chief Executive, Deputy Principal Finance & Resources and the Head of Governance to the Corporation as well as reviewing their performance.

The Committee's policy on the remuneration of senior post holders within the remit of the Remuneration Committee, inclusive of detail on the income derived from external activities, is publicly available via the College website.

Details of remuneration for the year ended 31 July 2025 are set out in Note 7 to the financial statements.

Audit Committee

The Audit Committee comprises five members of the Corporation (excluding the Chief Executive Principal and Chair) and is regularly attended by the Chief Executive Principal and the Deputy Principal Finance & Resources. The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's assurance arrangements, framework of governance, risk management and internal control processes for the effective and efficient use of resources, the solvency of the institution and the safeguarding of its assets.

The Audit Committee met four times during the 2024/25 financial year. The Committee provides a forum for reporting by the College's internal and financial statement 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 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 undertake periodic follow up reviews to ensure such recommendations have been implemented.

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

Finance and Resources Group (formerly known as the Finance Group)

This Group operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the financial performance of the College and also to recommend for approval items such as the Financial Regulations and the annual financial statements. The membership comprises of five members of the Corporation and the group met four times during the year.

Curriculum and Quality Improvement Group

This Group operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the quality of the College's curriculum, teaching and assessment and also to recommend for approval items such as the Curriculum Strategy and the annual College Self-Assessment Report (SAR). The membership comprises of seven members of the Corporation and the group met three times during the 2024/25 academic year.

Statement of Corporate Governance and Internal Control - *Continued*

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 Chief Executive 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 the Chief Executive Principal is personally responsible.

This is in accordance with the assigned responsibilities within the Funding Agreement between South Staffordshire College and the funding bodies. The Chief Executive Principal is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. 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 College's system of internal control has been in place and has been effective throughout the year ended 31 July 2025 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2025 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, administration 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 Board 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.

South Staffordshire College has an internal audit service who are engaged to deliver a programme of internal review of its systems and controls which fulfils the requirements of the College Financial Handbook. 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.

Statement of Corporate Governance and Internal Control - Continued

Internal Control - ***continued***

The Head of Internal Audit (HIA) provides the Governing Body with an annual report on internal audit activity in the College which summarises all internal audits undertaken during the year. 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.

Review of effectiveness

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

- the work of the internal auditors,
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework, and
- comments made by the College's financial statements auditors, who are also the regularity auditors, the appointed funding auditors in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of the 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 Executive Leadership 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 Leadership Team and Audit Committee also receive regular reports from the Internal Audit Service 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 Executive Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its 11 December 2025 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2025 by considering documentation from the executive team and internal audit and taking account of events since 31 July 2025.

Statement from the Audit Committee

The Audit Committee has advised the Corporation on the effectiveness of the College's systems of governance, risk management and internal control prior to the approval of the College's financial statements for the year ending 31 July 2025.

The internal audit service has provided the Committee with an independent source of assurance to form a robust opinion on the College's governance, risk management and control arrangements. As such, the Committee has benefited from detailed internal audit reports submitted by the internal auditor following each internal audit together with recommendations for further improvement. Recommendations arising from the work of the internal auditors carried out have all been responded to or commented on by College management to the satisfaction of the Audit Committee. The Committee regularly reviews, at subsequent meetings, the progress made by management in implementing audit report recommendations and is able to report reasonable progress. The Audit Committee have received assurance that the majority of internal and external audit recommendations had been completed. The internal auditors will conduct a follow up review on all outstanding recommendations in the 2025/26 academic year, and any recommendations from years prior to this.

Statement of Corporate Governance and Internal Control - *Continued*

Statement from the Audit Committee - *continued*

Following the onset the COVID19 pandemic, the delivery of internal audit services had been undertaken remotely as per the 2024/25 Internal Audit Plan. The approved 2024/25 Internal Audit Plan was formulated to allow for some flexibility should any additional or unforeseen areas of internal control become apparent as the College continues its business through a fast-changing environment.

In the 2024/25 Internal Audit Annual Report, the auditor provides a formal opinion which reads as follows:

"Overall, in our opinion, based upon the reviews performed during the year, South Staffordshire College has adequate and effective risk management, adequate and effective governance and adequate and effective control processes". This represents a positive opinion on the year's internal audit work.

The College retendered its Internal Audit Service in the Spring of 2025 and TIAA were appointed to internally audit the College from the 2025/26 financial year for three years, extendable by two further one-year periods by agreement.

The Committee received the College's financial statements and regularity auditor's management letter for 2024/25 at its meeting on 27 November 2025.

A review of covenant arrangements that the College has in place for the year ended 31 July 2025 has been undertaken along with a review of its latest financial forecasts, which reflect the most recent financial position of the College. The College is covenant compliant for the 2024/25 and 2025/26 financial years based on the most recent forecasts. This includes the adjustments made by Barclays to their covenants to take account of Tamworth Relocation Project costs. The debt from Virgin Media was fully paid down in July 2024 and the new loan facility from the Department for Education has no financial covenants requirements.

There are no recommendations arising from the audit of the 2024/25 accounts and the recommendations made from the prior year accounts have been fully addressed.

The Committee is aware of its responsibility to ensure the effectiveness of the Risk Management process and a report has been considered by the Committee at each meeting.

The Committee is satisfied as a result of its work, and that of the internal auditor in relation to risk management, that the College has sound risk management arrangements giving substantial assurance that the risks facing the College were identified and managed appropriately.

In accordance with guidance in the Framework and guidance for external auditors and reporting accountants of colleges, a range of performance indicators for both auditors are in place. The Committee assesses the auditors' performance against these indicators and discusses with the firms any issues that are of concern. Bearing in mind the move to a new Internal Audit Service in the 2025/26 financial year, a review was not undertaken. The External Audit Service, provided by Forvis Mazars, was reviewed at the Committee at their meeting on the 26th March 2024/25 and the Committee were satisfied with the findings of the review.

Based on the above, the Committee's opinion is that the College does have:

- adequate and effective assurance arrangements in place;
- an adequate and effective framework of governance and risk management; and
- adequate and effective control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets.

The Committee received and considered an annual report on subcontracting which confirmed that the College did use subcontractors in 2024/25 but that activity levels did not reach the threshold of £100,000 of funding which would require an external audit.

Statement of Corporate Governance and Internal Control - *Continued*

Internal Control - *continued*

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 South Staffordshire College Corporation on 11 December 2025 and signed on its behalf by:

M Rowley
Chair of the Corporation

C Boliver
Accounting Officer

Statement of Regularity, Propriety and Compliance

As Accounting Officer of South Staffordshire College I confirm that the Corporation has had due regard to the framework of authorities governing regularity, priority and compliance, including the College's accountability agreement with the DFE, and the requirements of the College Financial Handbook. I have also considered my responsibility to notify the Corporation's board of governors and DFE of material irregularity, impropriety and non-compliance with the terms and conditions of all funding.

I confirm that I, and the board of governors, are able to identify any material irregular or improper use of all funds by the Corporation, or material non-compliance with the framework of authorities.

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

C Boliver
Accounting Officer

Date: 11 December 2025

Statement of the Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's accountability agreement, funding agreements and contracts with ESFA and DFE, the Corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the Corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, DFE's College Accounts Direction and the UK's Generally Accepted Accounting Practice. In preparing the financial statements, the Corporation is required to:

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

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, DFE, and any other public funds, are used only in accordance with the accountability agreement, funding agreements and contracts and any other conditions that may be prescribed from time to time by the DFE, or any other public funder, including that any transactions entered into by the Corporation are within the delegated authorities set out in the College Financial Handbook. On behalf of the Corporation, the Chair of the board of governors is responsible for discussing the Accounting Officer's statement of regularity, propriety and compliance with the Accounting Officer.

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 College's resources and expenditure so that the benefits that should be derived from the application of public funds from the DFE, ESFA and any other public bodies are not put at risk.

Statement of the Responsibilities of the Members of the Corporation - *continued*

Approved by order of the members of the Corporation on 11 December 2025 and signed on its behalf by:

M Rowley
Chair of the Corporation

Independent Auditor's Report to the Members of the Corporation of South Staffordshire College

We have audited the financial statements of South Staffordshire College (the 'College') for the year ended 31 July 2025 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2025 and of its surplus for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

Independent Auditor's Report to the Members of the Corporation of South Staffordshire College - *continued*

Matters on which we are required to report by exception

In light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report of the Members of the Corporation and Statement of Corporate Governance and Internal Control.

We have nothing to report in respect of the following matters where the Framework and guide for external auditors and reporting accountants of colleges issued by the Department of Education requires us to report to you if, in our opinion:

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

Responsibilities of Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 28, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the 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 College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

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

Independent Auditor's Report to the Members of the Corporation of South Staffordshire College - *Continued*

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

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

In addition, we evaluated the Members of the Corporation and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the assumptions used in determining the valuations of defined benefit obligations, revenue recognition (which we pinpointed to the cut off assertion in respect of non-recurrent funding body grant income), and significant one-off or unusual transactions.

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

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

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

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

Use of the audit report

This report is made solely to the Corporation as a body in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation as a body for our audit work, for this report, or for the opinions we have formed.

Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Forvis Mazars LLP
Forvis Mazars LLP (Dec 22, 2025 17:53:34 GMT)

Date: 22/12/2025

Reporting Accountant's Assurance Report on Regularity

Independent reporting accountant's report on regularity to the corporation of South Staffordshire College and the Secretary of State for Education

In accordance with the terms of our engagement letter dated 29 May 2025 and further to the requirements of Department for Education (DfE), as included in the extant Framework and Guide for External Auditors and Reporting Accountants of Colleges, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by South Staffordshire College during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes intended by Parliament or the financial transactions do not conform to the authorities which govern them.

This report is made solely to the corporation of South Staffordshire College and the Secretary of State for Education in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of South Staffordshire College and the Secretary of State 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 South Staffordshire College and the Secretary of State for Education for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the accounting officer of South Staffordshire College and the reporting accountant

The accounting officer is responsible, under the requirements of the corporation's accountability agreement with the Secretary of State for Education and the College Financial Handbook, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament, and that the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the extant Framework and Guide for External Auditors and Reporting Accountants of Colleges. 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 2024 to 31 July 2025 have not been applied for the purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by DfE, which requires a limited assurance engagement, as set out in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

Reporting Accountant's Assurance Report on Regularity - *Continued*

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the accountability agreements, grant funding agreements and contracts with the ESFA/DfE.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Tested a sample of individual learner records.
- Tested a sample of credit card transactions.
- Tested a sample of expense claims in respect of KMP and Members of the Corporation.
- Tested a sample of suppliers and reviewed and assessed adherence to procurement policies.
- Tested a sample of bursary expenditure and reviewed whether such expenditure was in line with funding agreements.
- Reviewed all payments to senior post holders on termination of employment or in respect of claims made in the year.
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached.
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.
- Reviewed the College's compliance with Part 5 of the College Financial Handbook in respect of delegated authorities.
- Considered whether the college has complied with the requirements concerning senior pay controls as summarised in part 2 of the College Financial Handbook.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2024 to 31 July 2025 has not been applied for the purposes intended by Parliament, or that the financial transactions do not conform to the authorities which govern them.

Signed:

Forvis Mazars LLP
Forvis Mazars LLP (Dec 22, 2025 17:53:34 GMT)

Forvis Mazars LLP

Date: 22/12/2025

Statement of Comprehensive Income and Expenditure

	Notes	2025	2024
		£'000	**£'000**
INCOME			
Funding body grants	2	31,858	26,796
Tuition fees and education contracts	3	4,014	4,097
Other grants and contracts	4	1,434	706
Other income	5	1,960	1,548
Investment income	6	1,265	1,199
Total income		**40,531**	**34,346**
EXPENDITURE			
Staff costs	7	25,515	21,993
Fundamental restructuring costs	7	39	9
Other operating expenses	8	8,700	7,332
Depreciation	11	2,496	1,953
Interest and other finance costs	9	141	131
Total expenditure		**36,891**	**31,418**
Surplus before other gains and losses		**3,640**	**2,928**
Loss on disposal of assets		-	(99)
Surplus before tax		3,640	2,829
Taxation	10	-	-
Surplus for the year		**3,640**	**2,829**
Actuarial loss in respect of pension schemes	23	(1,349)	(1,030)
Total Comprehensive Income for the year		**2,291**	**1,799**

All items of income and expenditure relate to continuing operations.

Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	**£'000**	**£'000**
Balance at 31 July 2023	**15,486**	**4,100**	**19,586**
Surplus from the income and expenditure account	2,829	-	2,829
Other comprehensive income	(1,030)	-	(1,030)
Transfers between revaluation and income and expenditure reserves	407	(407)	-
Total comprehensive income for the year	2,206	(407)	1,799
Balance at 31 July 2024	**17,692**	**3,693**	**21,385**
Surplus from the income and expenditure account	3,640	-	3,640
Other comprehensive income	(1,349)	-	(1,349)
Transfers between revaluation and income and expenditure reserves	88	(88)	-
Total comprehensive income for the year	2,379	(88)	2,291
Balance at 31 July 2025	**20,071**	**3,605**	**23,676**

Balance sheet as at 31 July

	Notes	2025	2024
		£'000	**£'000**
Fixed assets			
Tangible Fixed assets	11	28,708	22,503
Assets under Construction	11	31,986	16,012
Investments	12	35	5,025
		60,729	**43,540**
Current assets			
Stocks		43	31
Trade and other receivables	13	2,055	4,614
Cash and cash equivalents	16	8,416	7,109
		10,514	**11,754**
Less: creditors – amounts falling due within one year	14	(7,004)	(6,942)
Net current assets		**3,510**	**4,812**
Total assets less current liabilities		**64,239**	**48,352**
Creditors – amounts falling due after more than one year	15	(40,563)	(26,967)
Defined benefit obligations	23	-	-
Total net assets		**23,676**	**21,385**
Unrestricted Reserves			
Income and expenditure account		20,071	17,692
Revaluation reserve		3,605	3,693
Total unrestricted reserves		**23,676**	**21,385**

The financial statements on pages 37 to 61 were approved and authorised for issue by the Corporation on 11 December 2025 and were signed on its behalf on that date by:

M Rowley
Chair of the Corporation

C Boliver
Accounting Officer

Statement of Cash Flows

	Notes	2025	2024
		£'000	**£'000**
Cash flow from operating activities			
Surplus for the year		3,640	2,829
Adjustment for non-cash items			
Depreciation	11	2,496	1,953
Release of capital grants		(1,017)	(712)
Decrease in investments		4,990	14
(Increase)/decrease in stocks		(12)	14
Decrease/(increase) in debtors		2,559	(1,869)
(Increase)/decrease in creditors due within one year		(423)	76
Pensions income less contributions payable	23	(1,349)	(1,030)
Adjustment for investing or financing activities			
Investment income paid	6	(187)	(367)
Interest payable		141	131
Loss on sale of fixed assets		-	99
Net cash flow from operating activities		**10,838**	**1,138**
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	10
Capital grant receipts		13,854	12,680
Investment income paid		187	367
Payments made to acquire fixed assets	11	(24,675)	(13,010)
		(10,634)	**47**
Cash flows from financing activities			
Interest paid		(203)	(131)
New loan drawdown		1,500	-
Annual repayments of amounts borrowed		(194)	(374)
		1,103	**(505)**
Increase in cash and cash equivalents in the year		**1,307**	**680**
Cash and cash equivalents at beginning of the year	18	7,109	6,429
Cash and cash equivalents at end of the year	18	8,416	7,109

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2024 to 2025* 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 College has prepared the accounts on the basis of going concern.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Going concern

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

The going concern situation is, on balance, positive for 2024/25:

- The economic environment has become less hostile, in some respects, with inflation falling and lower energy costs however the UK economy is not performing well and it is generally accepted that public services will need to be cut or taxes will need to increase to balance the national deficit. Having said this, the College received additional 16-18 funding during the 2024/25 financial year for the increased volume of learners and via increases in funding rates designed to support elevated pay awards for college staff that were equitable with those pay awards in schools.
- The Tamworth Relocation Project is complete and the financial impact of the project is fully understood and embedded into College forecasts and cashflow plans. Additional cash generated in 2024/25 and a review of timings for future capital projects make the extra costs manageable. This provides a level of certainty for the College's finances that has been absent for the last two years. The College retains its "Outstanding" DFE financial health and covenant compliance for the life of the forecasts, meaning the Tamworth Relocation Project costs have little financial impact.
- College property at Rodbaston, Lichfield and TORC needs financial investment to improve poor quality or spatially inefficient building. All campuses are experiencing a shortage of space due to the rapid increase in 16-18 learner numbers, which has continued into the 2025/26 financial year. Much of this expenditure is already factored into medium term financial forecasts.
- The combined effects of these situations were predominantly included in the July 2025 financial forecast and therefore the College is not expecting to have any concerns around financial health or bank covenant compliance in 2024/25 or 2025/26.

However, the College is well placed to withstand these issues because:

- The College has good levels of cash and relatively low levels of borrowing at around 6.1% of income.
- The forecast for 2025/26 continues to show that, on an operating level, the College is performing well and has improved on its budget position.

Notes to the Accounts – *Continued*

Going Concern - *continued*

- The College is experiencing higher than expected levels of growth in 16-18 learners which will increase funding further in 2026/27 on a lagged basis and may result in a reasonable amount of in-year 16-18 funding in 2025/26. 16-18 funding is the only area of funding where the government has committed to increase funding rates in the medium term.
- Additional capital grant funding is being directed to the FE Sector to address issues with capacity and condition which means that the College does not have to rely solely on cash reserves.

The positive financial performance in 2024/25 has provided additional cash that will allow the College to invest further in staff pay and will allow decisions to be made regarding the investment in property improvements at Lichfield Campus as well as improving the quality and security of the College's IT network and hardware infrastructure. The positive financial forecasts for 2025/26 and 2026/27, which will be further boosted by the likely receipt of 16-18 In Year Growth Funding and the receipt of some capital improvement funding from the DFE, will allow the College to invest further and remain on top of its longer-term property and equipment investment requirements.

The largest threat to the going concern status of the College is if it breaches financial covenants on its Barclays Bank loan and has to repay the debt in its entirety. The College has adequate cash levels to repay the loan as a worst case scenario, albeit by curtailing some of its capital investment plans. The reallocation of long term debt into current liabilities would also be manageable given the strength of the College's current ratio calculation. This would likely result in the College's financial health grade falling to "Good" from "Outstanding". The Barclays debt service covenant calculation also has a cash "add back" line within the formula which supports the covenant at 100% if cash is reducing due to asset investment.

Therefore, at an operating level, the College is performing well and asset investment is supported by the covenant calculation methodology. The College has good levels of cash and has an "Outstanding" financial health rating in 2024/25. At 31 July 2025 the College had not breached its financial covenants and it was not forecast that there will be any future breach up to 2026/27. Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operate for the foreseeable future, and for this reason it will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

Revenue Grant Income

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 income stream involved.

Any under or over achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Where the College receives and disburses funds in which it has no direct beneficial interest, such funds are excluded from the income and expenditure account on the grounds that the College does not have direct control over the future economic benefits derived from these funds. The College has applied this policy to certain funds received during the year from the Department of Education.

Grant Funding

Grants (including research income) 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.

Notes to the Accounts – *Continued*

Capital Grant Funding

The College recognises capital grants using the accruals method, with the grant release taking place along the same timescales as the depreciation of the fixed asset which was funded by the capital grant. The College changed how it recognises capital grants in 2019/20. Until that point, capital grants received had been recognised using the performance method, where capital grants were entirely released as income at the point where the grant was spent and the funded purchase or project completed.

Fee Income

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

Investment Income

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

Accounting for Post-Employment Benefits

Retirement 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 Earnings Related Pension Scheme (SERPS). Contributions to the TPS are charged as incurred.

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. 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.

Staffordshire Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit 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 other recognised gains and losses.

Actuarial losses are recognised immediately in other recognised gains and losses. Actuarial gains cannot be recognised by the College (or the FE sector more generally) as the College has no future recourse to monetise the asset directly and therefore the long term asset is reported as a zero value asset.

Notes to the Accounts – *Continued*

Short term Employment benefits

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

Enhanced Pensions

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

Non-current Assets - Tangible fixed assets

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated over their expected useful economic life to the College of 40-60 years.

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

On adoption of FRS102, the College followed the transitional provisions to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS102.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

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.

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.

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 2025. They are not depreciated until they are brought into use. Assets under construction as 31 July 2025 included the cumulative costs to date of the Tamworth Relocation Project and the costs of the Music Facilities Upgrade at Lichfield totalling £31,986,000.

Notes to the Accounts – *Continued*

Equipment

Equipment costing less than £2,000 per individual item is recognised as expenditure in the period of acquisition unless it is part of a larger project. All other equipment is capitalised at cost.

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

• Computer equipment	3-5 years
• Specialised software	5 years
• Motor vehicles	5 years
• Fixtures and fittings	5 years
• Other equipment (non-IT)	10 years

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

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. Any lease premiums or incentives relating to leases signed after 31 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 a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

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

Investments

Fixed asset investments are carried at historical cost less any provision for impairment in their value. Listed investments held as fixed assets or endowment assets are stated at market value. Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

Stocks

Farm stocks consist of livestock and crops and have been valued by independent valuers using recognised valuation methods and included in the balance sheet at the percentages of market value as recommended by HMRC Business Income Manual (BIM55410 - Farming stock valuation IR232). The College sold the majority of its animal herds during the 2019/20 financial year as the operations of the farm at Rodbaston were outsourced.

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 three months or less from the date of acquisition.

Notes to the Accounts – *Continued*

Financial liabilities and equity

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

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

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.

Provisions and contingent liabilities

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

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

Agency arrangements

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

Notes to the Accounts – *Continued*

Restructuring costs

Any costs deemed to relate to a fundamental reorganisation or restructuring which has a material effect on the nature and future of the College's operations are disclosed on the face of the Income and Expenditure account after the operating surplus or deficit in accordance with FRS 102.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Consideration of the Tamworth Relocation Project investment costs and the impact on finances including cash levels, covenants/debt and the going concern considerations.
- Determine if the College would recognise its LGPS pension asset.
- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Bad Debt Provision*

The College holds a bad debt provision of £14,000 (*2023/24 - £54,700*) which has been calculated to cover the financial risks within the debtors' ledger. The College has a variety of debtors including student fees, travel fees and commercial income. The College regularly reviews debtor levels and writes off income where the debts are not thought to be commercially viable to chase.

- *DFE Clawbacks*

The College anticipates that some funding streams will be subject to clawback for the 2024/25 financial year. The College achieved over 110% of its DFE Adult Education Budget target and as such will not need to repay any funding. 16-19 funding numbers exceeded overall during the financial year however T Level learners were less than allocation and a small clawback will happen to adjust for the lack of these higher value learners.

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit asset/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 23, will impact the carrying amount of the pension asset/liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions asset/liability at 31 July 2025. Any differences between figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension asset/liability.

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a notional surplus. As management do not consider that the College will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, the surplus has not been recognised in these financial statements in line with paragraph 28.22 of FRS102.

Notes to the Accounts – *Continued*

2 Funding council grants

	Year ended 2025	Year ended 2024
Recurrent grants	**£'000**	**£'000**
Department for Education – Adult Education Budget	2,622	1,992
Department for Education – 16-18	26,419	21,740
Department for Education – Apprenticeships	2,300	2,332
Department for Education – Learner Support	(57)	38
Specific grants		
Department for Education – Capital grant released	306	249
Department for Education – Learner Support, Work Placement Capacity, 16-19 Tuition Fund	268	445
Total	**31,858**	**26,796**

3 Tuition fees and education contracts

	Year ended 2025	Year ended 2024
	£'000	**£'000**
Apprenticeship fees and contracts	58	59
Fees for FE loan supported courses	374	498
Fees for HE loan supported courses	357	478
Adult education fees	264	314
Total tuition fees	**1,053**	**1,349**
Education contracts	2,961	2,748
Total	**4,014**	**4,097**

4 Other grants and contracts

	Year ended 2025	Year ended 2024
	£'000	**£'000**
West Midlands Combined Authority adult skills	589	385
Other grants and contracts	845	321
Total	**1,434**	**706**

5 Other Income

	Year ended 2025	Year ended 2024
	£'000	**£'000**
Catering and residences	150	208
Other income generating activities	529	465
Miscellaneous income	532	412
Other Capital Grants released	749	463
Total	**1,960**	**1,548**

Notes to the Accounts – *Continued*

6 Investment Income

	Year ended 2025 £'000	Year ended 2024 £'000
Other interest receivable	187	367
Pension finance income (Note 23)	1,078	832
Total	**1,265**	**1,199**

7 Staff Costs

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

	Year ended 2025 No.	Year ended 2024 No.
Teaching staff	372	349
Non-teaching staff	308	286
Total Staff	**680**	**635**

Staff costs for the above persons	**2025 £'000**	**2024 £'000**
Wages and salaries	18,682	16,396
Social security costs	1,949	1,444
Other pension costs*	4,101	3,471
Holiday pay accrual (movement in year)	65	10
Payroll sub total	**24,797**	**21,321**
Contracted out staffing services	718	672
	25,515	**21,993**
Restructuring costs – contractual	39	9
Total staff costs	**25,554**	**22,002**

	2025 £'000s	**2024 £'000s**
*Other pension costs include FRS102 (Section 28) adjustment	271	198

The College paid four severance payments during the financial year, disclosed in the following bands:

	2025 No.	**2024 No.**
£0 to £25,000	4	1

Notes to the Accounts – *Continued*

7 Staff Costs – *continued*

Key management personnel

Key management personnel are those persons in Executive Leadership Team having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Executive Leadership Team which currently comprises the Chief Executive Principal, Deputy Chief Executive, Deputy Principal Finance & Resources, Assistant Principal Quality & Curriculum, Assistant Principal Learner Services and Assistant Principal Human Resources. Staff costs include compensation paid to key management personnel for loss of office. Not all of these personnel were in post for the full financial year.

	2025	2024
	No.	No.
The number of key management personnel including the Accounting Officer was:	6	6

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

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

	Key management personnel		Other staff	
	2025	2024	2025	2024
	No.	No.	No.	No.
£60,001 to £65,000 p.a.	-	-	7	1
£65,001 to £70,000 p.a.	-	-	1	1
£70,000 to £75,000 p.a.	-	-	-	1
£75,000 to £80,000 p.a.	1	1	-	-
£80,001 to £85,000 p.a.	1	1	-	-
£85,001 to £90,000 p.a.	-	1	1	-
£100,000 to £105,000 p.a.	1	-	-	-
£105,000 to £110,000 p.a.	-	1	-	-
£110,000 to £115,000 p.a.	-	1	-	-
£115,001 to £120,000 p.a.	2	-	-	-
£170,001 to £175,000 p.a.	1	1	-	-
	6	6	**9**	**3**

Key management personnel compensation is made up as follows:	2025	2024
	£'000	£'000
Salaries	675	631
Employers National Insurance	90	80
Benefits in kind	6	14
	771	**725**
Pension contributions	178	135
Total key management personnel compensation	**949**	**860**

Notes to the Accounts – *Continued*

7 Staff Costs - *continued*

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The above compensation includes amounts payable to the Accounting Officer (who is also the highest paid officer). The salary of the Accounting Officer is set based on available benchmarking data for the FE sector and market rate for the geographical area. Total Accounting Officer pay is summarised below:

	2025	2024
	£'000	**£'000**
Salaries	174	168
Benefits in kind	2	4
	176	**172**
Pension contributions	49	42

Median Salary

	2025	2024
Accounting Officers basic salary as a multiple of the median of all staff	5.79	6.07
Accounting Officers total remuneration as a multiple of the median of all staff	8.14	8.36

The median calculation is made by taking salary costs in August and September, ranking the costs in value order and then picking a median to compare to the salary of the Principal Chief Executive.

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

8 Operating costs

	Year ended	
	2025	**2024**
	£'000	**£'000**
Teaching costs	2,882	2,390
Non teaching costs	3,280	2,123
Premises costs	2,538	2,819
Total costs	**8,700**	**7,332**

Other operating costs include:

	Year ended	
	2025	**2024**
Auditor remuneration	**£'000**	**£'000**
Financial statements audit	59	44
Internal audit	15	16
Other services provided by the external auditors	-	3
Hire of assets under operating leases	77	179

Other services provided by the external auditors related to the provision of grant funding audit services

Notes to the Accounts – *Continued*

9 Interest and other finance costs

	Year ended 2025 £'000	Year ended 2024 £'000
On bank loans, overdrafts and other loans:	141	131
Total	**141**	**131**

10 Taxation

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

11 Tangible fixed assets

	Land and buildings £'000	Computer Equipment £'000	Other Equipment £'000	Assets under Construction £'000	Total £'000
Cost or valuation					
At 1 August 2024	39,117	7,271	10,779	16,012	73,179
Additions	3,639	2,262	2,800	15,974	25,675
Disposal of assets	-	-	(12)	-	(12)
At 31 July 2025	**42,756**	**9,533**	**13,567**	**31,986**	**97,842**
Depreciation					
At 1 August 2024	19,915	6,535	8,214	-	34,664
Charge for the year	792	891	813	-	2,496
Elimination in respect of disposals	-	-	(12)	-	(12)
At 31 July 2025	**20,707**	**7,426**	**9,015**	-	**37,148**
Net book value at 31 July 2025	**22,049**	**2,107**	**4,552**	**31,986**	**60,694**

The transitional rules set out in FRS 102 have been applied. Accordingly, the book values at implementation have been retained.

Land and Buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost by, a firm of independent Chartered Surveyors in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. Other tangible fixed assets inherited from the local education authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis with the assistance of independent professional advice.

Land and Buildings includes the cost of the Staffordshire University Lichfield Centre Project, which commenced in 1997 and was completed in 2006. The Project spanned a number of phases and was partly grant funded and partly funded by a loan jointly repayable by the College and Staffordshire University. This loan was repaid in full to Virgin Money in 2024.

Notes to the Accounts – *Continued*

12 Investments

	2025	2024
	£'000	£'000
Non-current investments – other	35	5,025

The College invested £5,000,000 of cash in medium term deposits in 2023/24 which was derived from the sales proceeds for the Tamworth Campus. These cash reserves were spent during 2024/25 on the new Tamworth Campus.

The College owns shares valued at £35,000 (2023/2024: £25,000) in the Milk Board. These shares were valued at the closing market price as at 31 July 2025. These shares are not listed and their valuation is based on an annual valuation statement.

13 Trade and other receivables

	2025	2024
Amounts falling due within one year:	£'000	£'000
Trade receivables	76	287
Prepayments and accrued income	1,259	3,977
Amounts owed by the DFE	720	350
Total	**2,055**	**4,614**

14 Creditors: amounts falling due within one year

	2025	2024
	£'000	£'000
Bank loans and overdrafts	171	179
Other Loans (Department for Education)	163	-
Trade payables	822	366
Other taxation and social security	990	805
Accruals and deferred income	1,702	2,225
Amounts owed to the DFE	753	755
Deferred capital grants	1,085	835
Other creditors	1,318	1,777
Total	**7,004**	**6,942**

15 Creditors: amounts falling due after more than one year

	2025	2024
	£'000	£'000
Bank loans and overdrafts	816	1,002
Other loans	1,275	-
Deferred capital grants	38,472	25,965
Total-	**40,563**	**26,967**

Notes to the Accounts – *Continued*

16 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2025	2024
	£'000	£'000
In one year or less	171	179
Between one and two years	193	186
Between two and five years	623	600
In five years or more	-	216
Total	**987**	**1,181**

(a) Other loans

Other loans are repayable as follows:

	2025	2024
	£'000	£'000
In one year or less	163	-
Between one and two years	150	-
Between two and five years	450	-
In five years or more	675	-
Total	**1,438**	**-**

Cash and cash equivalents

	At 1 Aug 2024	Cash flows	Other changes	At 31 July 2025
	£'000	£'000	£'000	£'000
Cash and cash equivalents	7,109	1,307	-	8,416
Total	**7,109**	**1,307**	**-**	**8,416**

Total debt is shared between two providers as detailed below:

Amount (£)	Bank	Start date	Expiry date	Term in years	Rate
2,000,000	Barclays Bank PLC	30/06/06	28/06/30	25	Variable
1,500,000	Barclays Bank PLC	31/07/08	30/06/30	22	Variable
1,500,000	DFE	01/04/25	31/03/35	10	PWLB

Bank	Security
Barclays Bank PLC	Rodbaston Campus

Notes to the Accounts – *Continued*

17 Provisions - Defined benefit asset

	2025	2024
	£'000	£'000
Opening balance 1 August	-	-
Expenditure in the period	1,825	1,666
Transferred from income and expenditure account	(476)	(636)
Actuarial loss	(1,349)	(1,030)
Closing balance 31 July	**-**	**-**

Defined benefit assets relate to the assets under the College's membership of the Local Government pension Scheme. Further details are given in Note 23.

18 Analysis of Net Debt

	At 31 July 2024	Cash flows	Other changes	At 31 July 2025
	£'000	£'000	£'000	£'000
Cash and cash equivalents	7,109	1,309	-	8,416
Bank Loans due in less than one year	(179)	8	-	(171)
Bank Loans due in less than five years	(1,002)	186	-	(816)
Other Loans due in less than one year	-	(163)	-	(163)
Other Loans due in less than five years	-	(600)	-	(600)
Other Loans due after five years	-	(675)	-	(675)
Total	**5,928**	**65**	**-**	**5,991**

19 Capital and other commitments

	2025	2024
Commitments contracted for at 31 July	£'000	£'000
Tamworth Relocation Project	1,360	14,278
Animal Care T Level Building (Rodbaston)	-	891
	1,360	15,169

The capital commitment consists of the remaining contracted construction costs for the new Tamworth Campus building currently under construction in Tamworth town centre based on the July 2025 building valuation.

20 Lease obligations

At 31 July the College had three leases relating to the TORC campus under a non-cancellable operating lease, a vehicle lease and a kitchen equipment lease as follows:

	2025	2024
Future minimum lease payments due	**£'000**	**£'000**
Land and buildings		
Not later than one year	128	128
	128	**130**

Notes to the Accounts – *Continued*

20 Lease obligations - *continued*

Other		
Not later than one year	50	18
Later than one year and not later than five years	98	48
Later than five years		-
	148	**66**

21 Contingent liabilities

The College is aware of the likelihood that it will have a case to answer at an employment tribunal in 2026 as a result of an ongoing dispute.

There are no other contingent liabilities.

22 Events after the reporting period

The College enrolled 3,688 funded 16-18 learners between August and October 2025, which is 255 learners more than the DFE allocation of 3,433 learners. The lagged learner funding model means that these learners will be fully funded in the subsequent financial year (2026/27). College forecasts submitted in July 2025 were based on growth of 68 learners.

The College took possession of its new Tamworth Campus on the 26th August 2025. The College vacated its former campus on Croft Street, Tamworth, on the 21st November 2025. The Croft Street site has already been sold and was being leased by the College. There are no further costs or liabilities associated with vacating the site other removal costs which are budgeted as part of the operating costs of the College.

23 Defined benefit obligations

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

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.

Notes to the Accounts – *Continued*

23 Defined benefit obligations - *continued*

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion (compared to £16 billion at the 2016 valuation).

As a result the employer contribution rates will increase from 23.68% of pensionable pay to 28.68% of pensionable pay in April 2024. The DfE agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2022/23 and 2023/24 academic years and this will continue until March 2025.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website. The pension costs paid to TPS in the year amounted to £3,319,000 (2023/24: £2,697,000).

Local Government Pension Scheme
The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Staffordshire County Council Local Authority. The total contributions made for the year ended 31 July 2025 were £2,312,000, of which employer's contributions totalled £1,800,000 and employees' contributions totalled £512,000. The agreed contribution rates for the current year is 20.9% for employers. The College is expecting revised contribution rates in April 2026 as a result of the 2025 revaluation of the LGPS. Contribution rates range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

The approach taken by the College to address its defined pension deficit is to take the lead from the Local Authority and its actuaries, as the experts in the field. The College pays the required contribution rates on the understanding that actuarial calculations will ensure that the notional pension deficit remains manageable and allows the College to contribute its fair share into the overall scheme. The College has no plans to make any lump sum payments to the scheme. The provision of security in the form of a College campus is not required now that the College is a public sector organisation with government guarantees.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2025 by a qualified independent actuary.

	At 31 July 2025	**At 31 July 2024**
Rate of increase in salaries	3.25%	3.25%
Future pensions increases	2.75%	2.75%
Discount rate for scheme liabilities	5.80%	5.00%
Inflation assumption (CPI)	2.75%	2.75%
Commutation of pensions to lump sum (pre-April 2008 service)	65%	50%
Commutation of pensions to lump sum (post-April 2008 service)	65%	75%

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

	At 31 July 2025	**At 31 July 2024**
Retiring today	years	years
Males	20.4	20.2
Females	24.1	24.0
Retiring in 20 years		
Males	21.8	21.6
Females	25.3	25.3

Notes to the Accounts – *Continued*

23 Defined benefit obligations - continued

Sensitivity analysis

	Approximate decrease to defined benefit surplus	Approximate Monetary increase £'000
0.1% decrease in Real Discount rate	2%	786
1 year increase in member life expectancy	4%	1,766
0.1% increase in the Salary Increase rate	0%	14
0.1% increase in the Pension Increase Rate (CPI)	2%	794

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

	Long-term rate of return expected at 31 July 2025	Fair Value at 31 July 2025	Long-term rate of return expected at 31 July 2024	Fair Value at 31 July 2024
		£'000		£'000
Equity instruments	5.8%	45,576	5.0%	44,451
Bonds	5.8%	21,667	5.0%	18,753
Property	5.8%	5,977	5.0%	4,861
Cash	5.8%	1,494	5.0%	1,389
Total		**74,714**		**69,454**

Weighted average expected long term rate of return at 31 July 2025	%	**5.80%**

	2025	2024
	£'000	£'000
Actual return on plan assets	**1,200**	**3,732**

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

	2025	2024
	£'000	£'000
Fair value of plan assets	74,714	69,454
Present value of plan liabilities	(43,924)	(48,264)
Present value of unfunded liabilities	(219)	(245)
Net pensions asset	**30,571**	**20,945**
Less notional surplus not recognised	(30,571)	(20,945)
Net pensions asset as recognised in these financial statements	-	-

Notes to the Accounts – *Continued*

23 Defined benefit obligations - continued

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a notional surplus. As management do not consider that the College will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, the surplus has not been recognised in these financial statements in line with paragraph 28.22 of FRS102.

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

	2025	2024
Amounts included in staff costs	**£'000**	**£'000**
Current service cost	1,529	1,443
Past service cost	-	-
Total	**1,529**	**1,443**
Amounts included in investment income		
Net interest income	1,053	807
	1,053	**807**
Amount recognised in Other Comprehensive Income		
Return/(loss) on pension plan assets	(1,200)	3,732
Experience gains/(losses) arising on defined benefit obligations	501	(1,645)
Changes in assumptions underlying the present value of plan liabilities	(6,576)	1,951
Amount recognised in Other Comprehensive Income	**(7,275)**	**4,038**
Less notional surplus not recognised in current year	(9,626)	(5,068)
Amount recognised in Other Comprehensive Income in these financial statements	**(16,901)**	**(1,030)**

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

Movement in net defined benefit asset during the year:

	2025	2024
	£'000	**£'000**
Asset in scheme at 1 August	-	-
Movement in year:		
Current service cost	(1,529)	(1,443)
Employer contributions	1,800	1,641
Unfunded benefit contributions	25	25
Net interest on the defined asset	1,053	807
Actuarial gain	8,277	4,038
Less notional surplus not recognised	(9,626)	(5,068)
Net pensions asset (Note 23)	-	-

Notes to the Accounts – Continued

23 Defined benefit obligations – *continued*

Asset and Liability Reconciliation

	2025	2024
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	**48,509**	**46,000**
Current service cost	1,529	1,443
Interest cost	2,431	2,335
Contributions by Scheme participants	512	443
Experience gains and losses on defined benefit obligations	(501)	1,645
Changes in financial assumptions	(6,781)	(1,854)
Estimated benefits paid	(1,736)	(1,381)
Estimated unfunded benefits paid	(25)	(25)
Changes to demographic assumptions	205	(97)
Defined benefit obligations at end of period	**44,143**	**48,509**

	2025	2024
Changes in fair value of plan assets		
Fair value of plan assets at start of period	**69,454**	**61,877**
Interest on plan assets	3,484	3,142
Return on plan assets	1,200	3,732
Employer contributions	1,800	1,666
Contributions by Scheme participants	512	443
Unfunded benefits paid	-	(25)
Estimated benefits paid	(1,736)	(1,381)
Other experience on obligations		-
Fair value of plan assets at end of period	**74,714**	**69,454**

In June 2023 the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation.

This High Court ruling was appealed. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court.

On 5 June 2025, the Government announced that it will introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. Once the legislation has been passed, this will mean that pension schemes will be able to obtain written confirmation from an actuary about the benefit changes that were previously made and apply that confirmation retrospectively without making the plan amendments void, if the changes met the necessary standards.
At the date of approval of these financial statements, while it is known there is potential for additional pension liabilities to be recognised as a result of this ruling, the impact in monetary terms is not known and it is reasonable to form the view that it cannot be reasonably estimated. Accordingly, no adjustments to reflect the impact of the ruling have been made in these financial statements.

Notes to the Accounts – *Continued*

23 Defined benefit obligations – *continued*

The Corporation will continue to monitor the developments and consider the impact on the LGPS liabilities recognised by the College.

24 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £785.22 (*2023/24: £332.10*). 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 (*2023/24: £Nil*).

25 Amounts disbursed as agent

Learner Support Grants	**2025** **£'000**	**2024** **£'000**
Funding body grants – bursary support	27	65
Funding body grants – discretionary learner support	876	806
Funding body grants – residential bursaries	-	-
Other Funding body grants	-	-
Interest earned	4	-
	907	871
Disbursed to students	(903)	(757)
Administration costs	(45)	(38)
Balance unspent as at 31 July, included in creditors	**(41)**	**76**

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.