



**TRAFFORD &  
STOCKPORT  
COLLEGE GROUP**

Trafford & Stockport College Group  
Annual Report and Financial Statements  
Year ended 31 July 2024

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## Reference and Administrative Details

On the 1<sup>st</sup> of January 2024, the operating name of the college was changed from The Trafford College Group to Trafford & Stockport College Group.

### BOARD OF THE CORPORATION

Graham Luccock –  
Chairperson of the Board of Corporation  
James Scott – Principal & CEO  
Charlotte Barratt  
Jill Bottomley  
Olivia Bussey  
Sarah Drake  
Jed Hassid  
Alison Hewitt  
Heather Lang  
Emily McIntosh  
Fatema Desai (Co-opted Member from 27 March  
2024)

Aisha Shabbir – Student Governor  
(appointed 22 October 2024)  
Janet Grant (resigned 17 July 2024)  
Uswah Sayeed (Student Governor until July 2024)  
Michelle McLaughlin – Staff Governor  
Jonathan O’Brien  
Lewis Ormston  
Ayo Oyebo (resigned 28 August 2024)  
Marcia Reynolds  
Louise Richardson  
Blerta Shira – Student Governor  
Jeremy Woodside (serving a sabbatical until  
September 2024)

### CORPORATION SECRETARY

R Clare

### DEPUTY CORPORATION SECRETARY

A Duncalf (resigned 29 July 2024)

Y Riley (Assistant Corporation Secretary 15 July 2024)

### KEY MANAGEMENT PERSONNEL

J Scott	Principal and Chief Executive Officer (Accounting Officer)
C Gonzalez-Eslava	Deputy Principal
K Kay	Chief Finance Officer (resigned September 2023)
R Harris	Interim Chief Finance Office (October 2023 – January 2024)
H Taylor-Toone	Chief Finance Officer (appointed January 2024)
M Leslie	Vice Principal Corporate Services and Planning

### REGISTERED OFFICE

Altrincham Campus, Manchester Road, West Timperley, Altrincham WA14 5PQ

### PROFESSIONAL ADVISORS

#### Financial Statement Auditors

Armstrong Watson Audit Limited  
Suite 62, Pure Offices, Brooks Drive,  
Cheadle Royal Business Park,  
Manchester SK8 3TD

#### Internal Auditors:

Beever & Struthers  
1 George Leigh Street,  
Manchester M4 5DL

#### Bankers:

Barclays  
1<sup>st</sup> Floor, 3 Hardman Street, Spinningfields,  
Manchester M3 3HF

#### Solicitors:

Eversheds LLP  
Two New Bailey, 6 Stanley Street,  
Salford, M3 5GX

Irwin Mitchell LLP  
1 St Peter’s Square,  
Manchester M2 3AF

### WEBSITES

<https://trafford.ac.uk/>

<https://stockport.ac.uk/>

<https://cheadle.ac.uk/>

<https://marple.ac.uk/>

## Strategic Report and Report of the Board of the Corporation

### OBJECTIVES AND STRATEGY

The members present their report and the audited financial statements for the year ended 31 July 2024.

#### **Legal status**

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

The Corporation was incorporated as South Trafford College. On 1 September 2007, the Secretary of State granted consent to the Corporation to change the College's name to Trafford College. On this date, the activities of North Trafford College were merged with those of South Trafford College. There was a further name change on 5 April 2018 when Trafford College merged with Stockport College to form The Trafford College Group (TCG or the Corporation).

On 4 May 2021 the activities of the Cheadle and Marple Sixth Form College (CAMSF) were successfully merged into TSCG and their assets and liabilities were transferred across on that date.

On 1<sup>st</sup> January 2024, the college name changed from The Trafford College Group to Trafford & Stockport College Group (TSCG).

#### **Mission, Vision, Strategy and Objectives**

The Group's purpose, mission and vision are as follows:

##### Our Purpose

Unlocking potential for successful future.

##### Our Mission

Together we elevate skills, shape futures and transform lives.

##### Our Vision

To lead the way for a city region where everyone has the education and skills to succeed in life and work.

TSCG provides academic, technical and professional further and higher education. TSCG ensures that all our learners gain the education, skills and personal development they need to meet the local, regional and national skills needs, putting them ahead of the competition in terms of securing meaningful employment and progression to higher level study.

TSCG places the development of employability and professional skills at the core of their programmes. TSCG underpins the programmes practically with: a digital entitlement; a values-driven curriculum; an emphasis on professional behaviours; and the setting at a high level of both the aspirations and the actual standards the students can achieve.

The core values of TSCG are for all communities comprising TSCG to be:

- **Ambitious:** We believe in you. You can do it.
- **Collaborative:** When we work together, great things happen.



## Strategic Report and Report of the Board of the Corporation (continued)

- **Inclusive:** This place is for everyone, we all belong.
- **Resilient:** See the challenge. Face the challenge. Emerge even stronger.
- **Respectful:** Full respect. For each other, ourselves, and the world around us.

Key priorities arising from The Trafford & Stockport College Group Strategic Plan are:

**Strategic Priority 1:** Providing a curriculum that delivers the skills our economy needs – locally, regionally and nationally.

**Strategic Priority 2:** Positioning TSCG as the employer of choice for the further education workforce.

**Strategic Priority 3:** Delivering an exceptional student experience.

**Strategic Priority 4:** Ensuring financial stability and sustainability.

**Strategic Priority 5:** Driving innovation in technology, facilities and skills delivery.

**Strategic Priority 6:** Provide civic leadership to positively influence our communities.

### Resources

TSCG has various resources that it can deploy in pursuit of its strategic priorities.

Tangible resources include the five college campuses and £12.1m (2023: £11.4m) in cash. Over the next two years the cash balance will decrease as we invest in the new campus at Cheadle, but our underlying position remains robust.

The average number of persons employed in the financial year 2024 was 621 full time equivalents (FTEs) (2023: 603 FTEs) across a range of curriculum, management and support roles, of whom 328 (2023: 373) are curriculum staff.

TSCG enrolled approximately 17,991 learners (2023: 15,553). TSCG's student population includes 5,526 (2023: 5,447) 16–19-year-old students, 1,185 (2023: 977) apprentices, 625 (2023: 377) higher education students and 9,830 (2023: 8,513) adult learners.

TSCG has a good reputation, regionally and nationally, for high-quality technical education and training aimed at delivering the skills that learners and employers need.

Employers and employability are at the heart of what TSCG is aiming to achieve. March 2024 saw the opening of the Green Skills Hub at Stockport College. Our Green Skills Academy will play a critical role in Greater Manchester's ambitions to reach Net Zero carbon as early as 2038 and UK-wide by 2050.

Our aim is to deliver green accredited and non-accredited courses to support the Regional and National green skills gap and agenda, providing a critical skill boost that will benefit employers, individuals, and the wider economy. We will coordinate, support, engage and collaborate with our stakeholders to deliver a portfolio of Green accredited and non-accredited courses.

## Strategic Report and Report of the Board of the Corporation (continued)

### Stakeholder relationships

TSCG has many stakeholders including:

- Students and learners
- Education Sector Funding Bodies(ESFA) and the Department for Education (DfE)
- Office for Students (OfS)
- Staff
- Local, regional and national employers (with specific links)
- Local authorities including GMCA
- Schools
- Government Offices/Local Enterprise Partnerships/New Economy
- The local community
- Other FE and HE institutions
- Greater Manchester Colleges Group
- Trade Unions, namely the University and College Union, National Education Union and Unison
- Professional Bodies.

TSCG recognises the importance of these relationships and engages in regular communication with them via meetings, employer boards, correspondence and through the TSCG website. In addition, many learners of TSCG undertake work placement opportunities with some of our key employer links, enhancing their learning experience.

### Ofsted

TSCG's last Ofsted inspection was in November 2022. A full inspection resulted in a grading of 'Good'. This was the Group's first full inspection, with Ofsted Good achieved within the context of two mergers in three years. Ofsted inspectors highlighted the positive experience of learners at TSCG and noted: "Learners and apprentices enjoy learning at TSCG. They talk about the highly inclusive and supportive environment that provides a safe and positive place to learn. They behave respectfully in class, displaying positive attitudes towards each other. Learners celebrate cultural differences and say that they are proud to represent the college in the community."

In September 2022 Ofsted enhanced its inspections of further education providers to include a new focus on how well colleges are contributing to skills needs. In this new area Ofsted judged that TSCG was making a reasonable contribution, noting that leaders work effectively with relevant stakeholders to plan courses offered across the Group's colleges.

Ofsted's report also noted that TSCG has developed useful partnerships with a range of universities and makes good use of advice provided by employer representative boards to develop a curriculum that meets employers' needs and helps learners develop specific skills to move into employment.

The positive Ofsted report and grading of 'Good' was an important recognition of the quality of education and training, and the overall experience, that learners enjoy at TSCG.

## Strategic Report and Report of the Board of the Corporation (continued)

### **Public benefit**

Trafford & Stockport College Group is an exempt charity under Part 3 of the Charities Act 2011 and from 9 November 2016 is regulated by the Secretary of State for Education as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on page 22.

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

In delivering its mission, TSCG provides identifiable public benefits through the advancement of education to its students. TSCG adjusts its courses to meet the needs of local employers. TSCG is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

### DEVELOPMENT AND PERFORMANCE

#### **Financial results**

TSCG generated income of £55,970k, an increase of 11% on 2023. Supported predominantly by a strong performance in our Adult Education Budget and increased funding for High Needs learners.

Although we overachieved our 16-19 allocation, growth in learner numbers fell just short of the threshold for in-year growth funding but we will see the benefit of this growth in FY24/25.

Along with securing and growing our income operational cost savings and efficiencies continue to be a priority, including investment to ensure that all five College sites deliver a consistent service. Total expenditure (excluding the impact of defined benefit pension adjustments and depreciation) is £49,063k, an decrease of 1.5% on the previous year value of £46,739k.

This increase can be pinpointed to expenditure in non-teaching areas within the college driven by estates, increases in costs and volume of examinations, and also within ICT where we have invested in our digital offering across both the student and staff population.

Despite this increase in costs, by growing our income TSCG has generated a surplus before other gains and losses of £2,338k (2023: deficit £536k) which results in TSCG ending the year with an Outstanding financial health assessment.

This is a great achievement in the current economic environment and a solid base from which to launch the new Strategic Plan.

During the current year, TSCG has benefitted from funding from the Provider Market Oversight Unit with £16k (2023: £167k) being released to the Statement of Comprehensive income. This funding is to continue supporting the delivery of operational efficiencies following merger with CAMSFC.

The total comprehensive income in 2024 is stated after accounting for a gain on the pension scheme of £7,929k (2023: gain of £10,295k), which has then been reduced by £8,240k as a result of this gain was in an asset position. As there are no economic inflows expected to TSCG as a result of this

## Strategic Report and Report of the Board of the Corporation (continued)

valuation, no asset has been recognised. The resulting impact is a total comprehensive surplus for the year of £2,027k (2023: deficit of £708k).

### **Cash flows and liquidity**

Net cash flows from operating activities in 2024 totalled inflows of £2,207k (2023: inflows of £151k).

The size of TSCG's total borrowing and its approach to interest rates has been determined to ensure reasonable headroom between the total cost of servicing debt and operating cash flow. During the year this headroom was comfortably managed.

### **Developments**

TSCG's development involved tangible fixed asset additions during the year amounting to £7,236k (2023: £9,401k). This incorporates £833k (2023: £5,940k) invested in the final phase of the redevelopment of the Stockport campus, £3,925k (2023: £1,216k) on capital works on the new development at Cheadle campus and £2,091k (2023: £2,245k) of equipment purchased, for which several grants have been received to support this investment.

### **Reserves**

TSCG has accumulated reserves of £44,769k (2023: £42,742k) and cash and short-term investment balances of £12,124k (2023: £11,352k). The actuarial valuation of the defined benefit pension liability has resulted in an actuarial pensions gain reported in the year of £7,929k (2023: £10,295k). TSCG will continue to accumulate sufficient cash reserves in order to generate the funds required to service the loan, to invest in improved facilities and resources for all learners within TSCG and to ensure financial stability in future years.

TSCG does not hold any restricted reserves at the year end.

### **Sources of income**

TSCG has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2024 ESFA/DfE provided 88% (2023: 92%) of TSCG's total income. This includes the benefit of £16k (2023: £167k) from the Provider Market Oversight Unit to support the harmonisation of TSCG following the merger with CAMSFC.

Strategic Report and Report of the Board of the Corporation (continued)

STREAMLINED ENERGY AND CARBON REPORTING

In line with The Companies and Limited Liability Partnerships (Energy and Carbon Regulations 2018), the College has set out its greenhouse gas emissions and energy use for the period are set out below:

<b>UK Greenhouse gas emissions and energy use data for the period</b>	<b>1 August 2023 to 31 July 2024</b>	<b>1 August 2022 to 31 July 2023</b>
<b>Energy consumption used to calculate emissions (kWh)</b>		
Gas	5,164,442	4,070,568
Electricity	2,104,976	4,070,497
Fuel oil	1,459,726	869,221
Transport fuel	122,608	122,004
<b>Total energy consumption</b>	<b>8,851,752</b>	<b>9,132,290</b>
<b>Scope 1 emissions in metric tonnes CO<sub>2</sub>e</b>		
Gas consumption	943	743
Fuel oil	390	232
Owned transport	21	5
	<b>1,353</b>	<b>980</b>
<b>Scope 2 emissions in metric tonnes CO<sub>2</sub>e</b>		
Purchased electricity	<b>431</b>	<b>834</b>
<b>Scope 3 emissions in metric tonnes CO<sub>2</sub>e</b>		
Business travel in employee owned vehicles	<b>27</b>	<b>27</b>
<b>Total gross emissions in metric tonnes CO<sub>2</sub>e</b>	<b>1,812</b>	<b>1,841</b>
<b>Intensity ratio</b>		
Metric tonnes CO <sub>2</sub> e per staff FTE	<b>3.00</b>	<b>3.05</b>

**Qualification and reporting methodology**

We have followed the 2018 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2024 (prior year: 2023) UK Government’s Conversion Factors for Company Reporting.

**Intensity measurement**

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO<sub>2</sub>e per staff FTE, the commended ratio for the sector.

**Measures taken to improve energy efficiency**

TSCG has measures in place across its campuses to minimise energy usage and is committed to contributing to the decarbonisation of the economy through our building design and operational practices. We are also committed to collaborating with our partners within Greater Manchester to support the achievement of the Net Zero target by 2037.

The Estates Strategy for TSCG was refreshed following merger with CAMSFC, and considers further sustainability aims of TSCG with an eye to the prospective clean air zone that is proposed for Greater Manchester. In addition, the sustainability strategy of TSCG is in development, and will focus on three priority areas, Curriculum, The Estate & Operational Management and Supply Chain.

## Strategic Report and Report of the Board of the Corporation (continued)

### FUTURE PROSPECTS

#### **Future developments**

The main area of development is the re-development of the Cheadle College campus. Work has now been started on the new campus building and the project is on track to complete in time for FY25/26 enrolment. Following this the existing site will be demolished and the land developed in line with the estates plan.

#### **Financial plan**

An updated three-year Financial Plan was approved in July 2024 which takes into account the planned capital developments and income and expenditure projections of TSCG. The financial risks of TSCG are stress tested and managed by TSCG risk management process, as set out in the Statement of Corporate Governance and Internal Control. This plan shows that the Group has a solid financial base on which to grow and there is room to invest in our people, equipment and estate to ensure we offer the best experience to all our staff and learners.

#### **Treasury policies and objectives**

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

TSCG is able to place deposits, certificates of deposit and treasury bills with:

- international banks with a Standard & Poor's long-term rating of AA- or above;
- the following UK banks with a Standard & Poor's long-term rating of A- or above: Barclays Bank plc, Lloyds Bank plc and the Royal Bank of Scotland plc.

There is additional guidance in respect of cash investments and borrowing in TSCG's Treasury Management Policy.

All overdrafts and loans up to £250k must be approved by the Resources Committee and notified to the Board of the Corporation.

#### **Loan interest rates**

TSCG currently has one loan of £5.1 million (2023: £5.4 million), which was originally taken out during 2008-09 to finance the Altrincham redevelopment project.

This loan, from Barclays Bank PLC, was initially at a variable rate but was fixed at 4.98% from March 2010. The rate increased to 6.73% in April 2018 following the merger with Stockport College. A further increase in the fixed rate to 6.98% was instituted from 1 August 2020 until maturity of the loan. Repayments will continue through to July 2036 with total capital and interest of £663k (2023: £660k) paid in the year to 31 July 2024.

#### **Reserves**

TSCG has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support TSCG's core activities. TSCG has no restricted reserves. As at the balance sheet date the Income and Expenditure reserve stands at £42,819k (2023: £40,696).



## Strategic Report and Report of the Board of the Corporation (continued)

### PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

- 1) **Changing learning and support needs** – in FY23/24 the Group experienced a significant increase in learners requiring additional support. This is being addressed by investing in more Learning Support Facilitators funded by increases in 16-19 funding as well as direct funding from local authorities.
- 2) **Recruiting and retainment of staff and leaders** – the Group begun FY23/24 with a relatively high staff turnover (as experienced across the FE sector) with certain roles taking a significant amount of time to recruit. Having re-assessed our recruitment strategy we have seen a fall in staff turnover which shows that our actions are working. However, this remains a key risk for the group as it continues to be a point of discussion across the FE sector and the risk is likely to increase if the sector is unable to secure additional funding for an FY24/25 pay award.

#### **1 Maintain adequate funding of pension liabilities**

A significant number of TSCG's employees are included in the Local Government Pension Scheme (LGPS), a defined benefit scheme which is accounted for under FRS 102. Under this standard TSCG is required to carry out a valuation of the assets and liabilities of the scheme on an annual basis. TSCG uses the services of a professional actuary to carry out a valuation of the pension fund. The financial statements report TSCG's share of the pension scheme asset on the Statement of Financial Position in line with the requirements of FRS 102. The Teacher's Pension Scheme (TPS), is similarly a defined benefit scheme, but given the scale of the scheme the portion attributable to TSCG is not able to be discerned, however, contribution rates to fund scheme deficits are imposed in the same way as for the LGPS.

TSCG has received a Teachers' Pension Scheme employer contribution grant since 2019, which followed an increase in contribution rates, valuing £1,218k (2023: £1,042k). Continuation of this grant is essential to supporting current staffing levels.

#### **2 Failure to maintain financial viability of TSCG**

The continuing challenge to TSCG's financial position remains our ability to continue to grow income in order to fund increasing pay and non-pay costs. Despite this the Group's 3-year financial plan shows

Strategic Report and Report of the Board of the Corporation (continued)

that we are in a good position to be able to grow our income modestly which will allow us to continue to invest in our staff, equipment and estate. The main focus of this 3-year plan is:

- growth of 16-19 learners reflecting the demographic changes in Greater Manchester;
- achievement of apprenticeships income through higher retention and achievement rates;
- achievement of Adult Education Budget allocations;
- maintaining adequate cash balances;
- pay awards to be funded by income growth;
- maintain good control over non-pay expenditure.

Improved finance business partnering and quicker analysis of financial information will ensure we meet, and hopefully exceed, our 3-year plan targets we have launched

KEY PERFORMANCE INDICATORS

To support the delivery of the Corporate Plan, the Leadership Team develops an annual plan with SMART (specific, measurable, achievable, realistic, time bound) targets that are measured on a quarterly basis and reported to the Corporation. The table below identifies TSCG targets for the year 2024 and monitoring reports are presented to the Board meetings on a quarterly basis.

KPI	Target 2024	Actual 2024
<b>FINANCE</b>		
ESFA financial health*	Good	Outstanding
EBITDA as % of income	4.7%	7.2%
Staff costs as a % of income	64.8%	62.1%
<b>LEARNER NUMBERS</b>		
ESFA 16-18 funded learners	5,241	5,537
<b>CURRICULUM</b>		
16-18 achievement rate	86%	84%
19+ achievement rate	92%	91%
16-18 retention rate	92%	90%
19+ retention rate	96%	96%
Apprenticeship achievement rate	65%	59%

*\*Per ESFA Financial Health grading calculation*

These KPI's are considered by the Board. Despite strong recruitment, the methodology for awarding in-year growth funding has a re-introduction of recovery for under-performance from previous year. As TSCG under-recruited in 2022/23, this shortfall was taken into consideration and recovered against any claim for over-recruitment in 2023/24, therefore it fell short of the threshold for in-year growth funding despite being ahead of allocation. There will of course be a significant benefit in terms of increased 16-18 income for 2024/25 under the lagged funding methodology.



Strategic Report and Report of the Board of the Corporation (continued)

**Achievement rates**

Achievement rates for each year are typically reported in December and are reflected in the table below. Reported achievement performance overall is up on the previous year, for young people, adults and Apprentices.

<b>Classroom Based Provision</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>16 – 18 Learners</b>	79%	81%	84%
<b>19+ Learners</b>	89%	91%	91%
<b>Overall</b>	83%	89%	87%

**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%.

During the accounting period 1 August 2023 to 31 July 2024, TSCG has adhered to its standard terms being payment within 30 days. Where suppliers are not paid within 30 days, this is usually due to invoices in dispute or invoices which are issued in advance of goods or services.

**EQUALITY AND DIVERSITY**

A commitment to equality, diversity and inclusion is fundamental to the Group’s core values, ensuring a positive and supportive culture where all staff and students feel empowered and respected.

Our work to embed equality, diversity and inclusion is anchored in the duties as applied to the protected characteristics set out in the Equality Act 2010 that require us to have due regard to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

It is the general expectation that all members of staff, including others who may be working on behalf of the Group, will behave in an acceptable manner – treating others with courtesy, respect, and consideration – and conducting themselves professionally when interacting with members of the Group. Unacceptable behaviour including bullying, harassment and victimisation or discrimination – including but not limited to the protected characteristics covered by the Equality Act 2010 – will not be tolerated and any allegations will be taken seriously and dealt with appropriately under the relevant procedures.

Our Board for the Corporation has overall responsibility for ensuring that we operate within a framework of equality of opportunity. Our Executive team have overall management responsibility,

Strategic Report and Report of the Board of the Corporation (continued)

delegated to all managers throughout the organisation. All employees have a duty to support and uphold the principles of our commitment to equality, diversity and inclusion and its supporting policies and procedures.

The equality duty covers the nine protected characteristics: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Public authorities also need to have due regard to the need to eliminate unlawful discrimination against someone because of their marriage or civil partnership status. This means that the first aim of the duty applies to this characteristic but that the other aims (advancing equality and fostering good relations) do not apply.

### Gender Pay Gap Reporting

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

Band	Males	Females	Description
A	47%	53%	<b>Upper Quartile</b> – includes all employees whose standard hourly rate places them above the upper quartile
B	45%	55%	<b>Upper Middle Quartile</b> – Includes all employees whose standard hourly rate places them above the median but at or below the upper quartile
C	31%	69%	<b>Lower Middle Quartile</b> – Includes all employees whose standard hourly rate places them above the lower quartile but at or below the median.
D	28%	72%	<b>Lower Quartile</b> – Includes all employees whose standard hourly rate places them at or below the lower quartile.

	Year ending 31 March 2023
Mean gender pay gap	7.09%
Median gender pay gap	3.86%

The college publishes its full annual gender pay gap report on the website.

While Trafford & Stockport College Group’s gender pay gap compares favourably with that of organisations across the sector as well as the whole UK economy, this is not a subject about which Trafford & Stockport College Group is complacent and we are committed to doing everything we can to reduce the gap.

Trafford & Stockport College Group is committed to reducing the gender pay gap through:

- Having ‘Family friendly’ policies and procedures in place and made known to all staff which encourages both male and female employees to discuss flexible working arrangements which will not inhibit career progression.
- Equality and Diversity induction training is mandatory for all staff.
- Continuing to ensure that support for women returning to work following periods of maternity leave e.g., job share, and other flexible options.

Strategic Report and Report of the Board of the Corporation (continued)

- Encouraging men to take advantage of flexible working arrangements in relation to caring responsibilities.
- Enhancing the Groups employer brand by promoting male dominated roles e.g., IT, technical and professional roles, with a view to attracting more female candidates.
- Developing a wider range of career progression and working patterns across Trafford & Stockport College Group.
- Rigorous oversight by the HR function at Trafford & Stockport College Group to ensure there is no gender bias in any recruitment and selection or career promotion process.
- Implementation of 'stay interviews to enable employees to provide feedback.

**Trade Union facility time**

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

	<b>2024</b>	<b>2023</b>
<b>Numbers of employees who were relevant period</b>	8	10
<b>FTE employee number</b>	6.0	10.0
<b>Percentage of time</b>	<b>2024</b>	<b>2023</b>
<b>0%</b>	-	-
<b>1-50%</b>	8	10
<b>51-99%</b>	-	-
<b>100%</b>	-	-
	<b>2024</b>	<b>2023</b>
<b>Total cost of facility time</b>	£23,347	£18,587
<b>Total pay bill</b>	£30,436,532	£27,285,904
<b>Percentage of total bill spent on facility time</b>	0.08%	0.07%
<b>Time spent on paid trade union activities as a percentage of total paid facility time</b>	100%	100%

**GOING CONCERN**

After making appropriate enquiries, the Corporation considers that TSCG has adequate resources to continue in operational existence for the foreseeable future. TSCG scenario planning process models through the impact to the Financial Health Grading as well as our banking covenants.

TSCG primarily meets its day-to-day working capital requirements through cash generated from its day-to-day activities. TSCG has sufficient cash to support the Cheadle redevelopment project whilst continuing to fund day to day operations.

TSCG currently has one loan of £5.1m outstanding at 31 July 2024 with Barclays Bank, with current annual payments of £663k (principal plus interest) ending in 2036. The loan with Barclays includes a

## Strategic Report and Report of the Board of the Corporation (continued)

number of covenants. TSCG's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

TSCG has operating plans to ensure it continues to operate and provide learners with an outstanding education experience with excellent qualification outcomes. TSCG has modelled a number of financial scenarios taking account of key financial risks to TSCG into account and TSCG's financial projections and mitigations indicate that TSCG has adequate resources to continue in operational existence for the foreseeable future.

The risks established by pay demands from Trade Union have been considered in scenario planning, to confirm the adequacy of resources and to update forecasts for these costs. Other scenarios included an under delivery of AEB, apprenticeships and other income streams.

Accordingly, TSCG has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of the financial statements, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

### EVENTS AFTER THE REPORTING PERIOD

On 9<sup>th</sup> August 2024, the group was notified of the proposed creditors' voluntary liquidation of one of its debtors, Salford & Trafford Engineering Group Training Association. A provision for the full outstanding debt that is due to TSCG has been provided for in the bad debt provision.

### 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 Corporation'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 Corporation's auditors are aware of that information.

Approved by order of the Members of the Board of the Corporation and signed on its behalf by:



**Graham Luccock**  
Chair

Date: 11th December 2024

## Statement of Corporate Governance and Internal Control

### GOVERNANCE CODE

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

Trafford & Stockport College Group 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);
- ii) in accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”);
- iii) in accordance with the Committee of Universities Chairs’ Higher Education Code of Governance.

In the opinion of the Governors, Trafford & Stockport College Group complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2024. This opinion is based on an internal review of compliance with the Code reported to the Board of the Corporation on 13 December 2023. An external review was undertaken by the Education and Training Foundation in September 2023.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges, issued by the Association of Colleges in 2023 which it formally adopted at the Board of the Corporation meeting on 13 December 2023.

The Universities Chairs’ Higher Education Code of Governance was formally adopted in December 2020.

TSCG is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission’s guidance on public benefit and that the required statements appear elsewhere in these financial statements.

## Statement of Corporate Governance and Internal Control (continued)

## THE CORPORATION

**Members of the Board of the Corporation**

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

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance 2023/2024 (%)
<b>James Scott</b> Principal & CEO	21-Aug-20	n/a		Active	FE Curriculum & Quality; HE Curriculum & Quality; Resources; Search	100
<b>Graham Luccock</b> Chairperson of the Corporation	05-Apr-18	20-Oct-26		Active	Search; Resources; Remuneration FE Curriculum & Quality; HE Curriculum & Quality	100
<b>Charlotte Barratt</b>	20-Oct-22	20-Oct-26		Active	FE Curriculum & Quality	100
<b>Jill Bottomley</b>	07-Jan-19	07-Jan-28		Active	Remuneration; Resources	60
<b>Olivia Bussey</b>	31-Mar-22	31-Mar-26		Active	FE Curriculum & Quality; HE Curriculum & Quality	80
<b>Fatema Desai</b>	04-Jan-22	04-Jan-26	27-Mar-24	Became a co-opted member of HE C&Q Committee on 27 March 2024	HE Curriculum & Quality	0
<b>Sarah Drake</b> Vice Chair of the Corporation	05-Apr-18	10-Oct-26		Active	FE Curriculum & Quality; HE Curriculum & Quality; Search	100
<b>Janet Grant</b>	05-Apr-18	05-May-26	17-Jul-24	Not Active	Resources	80
<b>Jed Hassid</b>	05-Apr-18	04-Jan-26		Active	Chairperson of Audit	80
<b>Alison Hewitt</b>	04-May-21	04-May-25		Active	Resources; Remuneration	100
<b>Heather Lang</b>	04-Jan-21	04-Jan-25		Active	Audit	100
<b>Emily McIntosh</b>	20-Oct-22	20-Oct-26		Active	HE Curriculum & Quality; FE Curriculum & Quality;	60

Statement of Corporate Governance and Internal Control (continued)

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance 2023/2024 (%)
<b>Michelle McLaughlin</b> Staff Governor	20-Oct-21	20-Oct-25		Active	FE Curriculum & Quality;	60
<b>Jonathan O'Brien</b>	20-Oct-22	20-Oct-26		Active	Resources	60
<b>Lewis Ormston</b>	27-Mar-24	27-Mar-28		Active	Resources	100
<b>Ayo Oyebo</b>	04-Jan-21	04-Jan-25	28-Aug-24	Not Active	Resources	60
<b>Marcia Reynolds</b>	04-Jan-22	04-Jan-26		Active	FE Curriculum & Quality; Search	60
<b>Louise Richardson</b>	05-Apr-18	04-Jan-26		Active	Search; Remuneration; Resources; Audit	60
<b>Uswah Sayyed</b> Student Governor	20-Jul-22	July 2024	17-Jul-24	Not Active	FE Curriculum & Quality	100
<b>Aisha Shabbir</b> Student Governor	02-Oct-24	July 2025		Active	FE Curriculum & Quality	n/a
<b>Blerta Shira</b> Student Governor	29-Jul-23	July 2025		Active	FE Curriculum & Quality	60
<b>Jeremy Woodside</b>	04-Nov-19	04.11.24		Serving Sabbatical	Resources; Audit	n/a

THE GOVERNANCE FRAMEWORK

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

The attendance of Board members has been considered by the Board of the Corporation and targets have been established. For the Academic Year 2023/2024 the attendance at Board of the Corporation meetings was 78%.

The Board of the Corporation is provided with regular and timely information on the overall financial performance of Trafford & Stockport College Group 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 Board of the Corporation met on five occasions during 2023/2024, in addition to a further two occasions for consideration of the



## Statement of Corporate Governance and Internal Control (continued)

External Governance Review. Four training sessions were held for Board members during 2023/2024, including an annual Strategic Development Day.

The Board of the Corporation conducts its business through several Committees. Each committee has terms of reference, which have been approved by the Board of the Corporation. These Committees are; Resources, Remuneration, Search, Audit, Further Education (FE) Curriculum & Quality and Higher Education (HE) Curriculum & Quality. Full minutes of all meetings except those deemed to be confidential by the Board of the Corporation, are available on the Trafford & Stockport College Group website or from the Corporation Secretary at the group's registered address. The Board of the Corporation also has a Strategic Property Working Group to oversee any Capital Projects or building redevelopments whose Terms of Reference are also approved by the Board of the Corporation.

The Corporation Secretary maintains a register of financial and personal interests of Governors. The register is available for inspection on request from the Corporation Secretary at Wellington Road South, Stockport, SK1 3UQ.

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

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

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

The group operated its Governance Framework both through Microsoft Teams and physically held meetings. During the year all Board meetings were held physically with, other Committee and /or Working Group meetings being undertaken face to face or as hybrid meetings.

### APPOINTMENTS TO THE CORPORATION

Any new member appointments to the Board of the Corporation are a matter for the consideration of the Board of the Corporation as a whole. The Board of the Corporation has a Search Committee, consisting of the Chairperson of the Corporation, the Principal and Chief Executive, one independent external appointment and three other members of the Board of the Corporation. The Committee is responsible for the selection and recommendation of any new member for the Board of the Corporation's consideration through the Governors' Appointment Panel. The Board of the Corporation is responsible for ensuring that appropriate induction mentoring, and appropriate training is provided to all new appointments.

Members of the Board of the Corporation are appointed for an initial term of office not exceeding four years. All members of the Board of the Corporation are required to reapply for membership after



## Statement of Corporate Governance and Internal Control (continued)

the expiry of their term of office. This requires them to be reconsidered by the Search Committee against any external candidates. All appointments made by the Board of the Corporation including reappointments are based on merit and take into account appropriate skills, the Governance Self-Assessment Report and other requirements.

### BOARD OF THE CORPORATION PERFORMANCE

The Board of the Corporation carried out a self-assessment of its own performance for the year ended 31 July 2024 and graded itself as “Good” on the Ofsted scale.

The Group was Inspected by Ofsted in November 2022 and commented in its final report that Governors are suitably qualified and experienced to carry out their roles. Governors have a clear understanding of the strengths and areas of improvement. They receive useful reports that enable them to provide support and challenge to senior leaders and hold them to account. For example, governors have supported senior leaders to pause recruitment on a range of apprenticeship standards to improve the quality of education that apprentices receive. The Group received an overall grading of Good including Good for Leadership and Management.

### External Governance Review

The Board of the Corporation undertook an External Review of Governance in accordance with the Department for Education requirements and this was completed in September 2023 with a draft report being presented to the Board of the Corporation at its meeting on 20 September 2023.

The review was undertaken by the Institute of Directors and the Training Education Foundation and was led by external and independent Governance experts from the sector and industry. The Board of the Corporation considered in detail the findings from the report during two additional meetings of the Board of the Corporation that took place on 20 September 2023 and 2 November 2023. A Governance Action Plan was produced including actions from the Governance External Review and was reviewed by the Self-Assessment Report Validation Panel and was subsequently approved by the Board of the Corporation at the meeting on 13 December 2023. The Governance Action Plan was monitored throughout the year. A copy of the Governance External Review is held on the Trafford & Stockport College Group website.

### Development activity for Governance and the Governance Professionals

The Board of the Corporation is committed to development and held four training sessions for Board members during 2023/2024, including an annual Strategic Development Day with an external facilitator.

### Members of the Board of the Corporation

Members of the Board of the Corporation are aware of the need to keep abreast of the educational and financial affairs of the Group and with national developments and initiatives that may impact on Trafford & Stockport College Group and their role as a Governor. Members also recognise their responsibility concerning the business and curriculum performance of the Group and their collective duty as a Board of the Corporation as outlined in the Instrument and Articles of Government and other relevant statutory requirements.

## Statement of Corporate Governance and Internal Control (continued)

Individual members also recognise that there are a variety of mechanisms that will help in facilitating their continued professional development and assist with their familiarisation of the role and responsibilities as a member. Governors also recognise the voluntary nature of their role and acknowledge that other business training and development through their own work also contributes to their development.

Taking these factors into account, the Board of the Corporation have agreed that Board members ongoing training and development needs will be met through a variety of mechanisms as detailed in Trafford & Stockport College Group's Governors Training, Induction and Mentoring Policy.

Trafford & Stockport College Group also undertakes an annual self-assessment of individual training needs which are used to develop the Governor training and development activities during the academic year.

TSCG runs a Governor Ready Programme which provides training and development for persons interested in Board membership. The Corporation Secretary is responsible for delivering Trafford & Stockport College Group's Training and Development programme and activities.

The details of the training and development activities that were undertaken in 2024 are detailed below:

- Induction training for new independent and Student Governors members
- Succession planning – mentoring sessions
- Safeguarding Children (Level 2) online training
- Safeguarding Documentation:
  - Keeping children Safe in Education (KCSIE – Part 1)
  - Child Protection and Safeguarding Vulnerable Adults Policy
- Board Portal Training
- Post 16 Qualification Reform training
- Risk Appetite training
- SEND and High Needs training
- Attachment Aware, Trauma Informed and Relational Practice training
- Technical Excellence and Skills Competitions training
- Cave – Immersive Suite Update - workshop
- Governor Strategic Planning Session including the external environment (FE Policy, General Election, AoC Strategy) and TSCG key issues
- AoC Ofsted Roadshow training
- ETF Culture, People and Organisational Development training
- ETF Effective Board Behaviours training
- AoC NW Principal and Chairs' Network
- GM GFE Chairpersons' Advisory Group
- SFCA webinars including Artificial Intelligence and Special Educational Needs and Disabilities
- AoC Governance Conference
- AoC Chair Committee training
- AoC Governance Summit

## Statement of Corporate Governance and Internal Control (continued)

- Numerous network meetings for Principal and Chairs, Chair of FEC&Q Committee and Chair of Finance and Audit
- ETF Governor Induction

Full details of the Training and Development activities undertaken by Board Members together with the impact on the activities is presented to the Search Committee in the Governors and Governance Professionals Annual Training Report 2024.

### **Governance Professionals**

The Board of the Corporation is served by two Governance Professionals, the Corporation Secretary and the Assistant Corporation Secretary. Both Governance Professionals have a BA Hons Degree. The Corporation Secretary has extensive experience in Further Education and other education establishments such as Multi Academy Trusts, Single Academies and Secondary and Primary Schools (17 years) as a Governance Professional. The Assistant Corporation Secretary also has extensive experience of the role and has worked within the Governance Team for 10 years and has additional experience of working in a wide range of institutions including Further Education, Sixth Form College and Primary School.

The Corporation Secretary also has the following specialist Governance qualifications:

- The Governance Professional Leadership Programme
- The National Clerks Development Programme
- Certificate in Clerking of School and Academy Governing Boards

During year the Governance Professionals undertook a wide range of training and development activities. The details of the training and development activities that were undertaken in 2024 are detailed below:

- Board Portal Training
- SFCFA Artificial Intelligence
- Governance Professionals – Report Writing Skills
- Governance Regional Network
- AoC Governance Professionals' Conference
- AoC Governance Conference
- SCFA Governance Professional's Conference
- IoD Governance Professionals Leadership Programme
- ETF Introduction to Audit
- ETF Governance Development Online Network
- Strictly Education – Governors Awareness Day 2024
- DfE – Annual Strategic Conversation 2023/24
- FE Commissioner's Just One More Thing Event
- Boardroom to the classroom conference
- Governance Professional attended all internal governor training sessions
- Pacific Institute Training
- Eversheds Charity Law refresher

## Statement of Corporate Governance and Internal Control (continued)

- Eversheds Company Law refresher
- AoC College Leaders General Election Discussion series
- AoC Governance Funding and Finance event

### REMUNERATION COMMITTEE

Throughout the year ending 31 July 2024 the College's Remuneration Committee comprised the Chairperson of the Corporation and three other members of the Board of the Corporation and an external co-opted member. The Chairperson of the Committee is an independent member who is not the Chair or Vice-Chairperson of the Board of the Corporation. The Committee's responsibilities are to make recommendations to the Board of the Corporation on the remuneration and benefits of the Accounting Officer and other Senior Post Holders (Deputy Principal, Chief Finance Officer, Vice Principal Corporate Services, and the Corporation Secretary).

The Board of the Corporation on the advice of the Remuneration Committee adopted the Association of College's Senior Post Holder Remuneration Code in December 2018. The Senior Post Holders' Remuneration Policy ensures that the Board of the Corporation complies with the requirements of the AoC Code. The Senior Post Holders Remuneration Policy was updated in year to meet with the new statutory requirements from the Department for Education. The Annual Report of the Remuneration Committee to the Board of the Corporation details adherence to the Code.

Details of remuneration for the year ended 31 July 2024 are set out in note 7 to the Financial Statements.

### AUDIT COMMITTEE

The Audit Committee comprises three members of the Board of the Corporation (excluding the Principal and the Chairperson) and three externally co-opted financial, audit and risk specialists. The Committee operates in accordance with written terms of reference approved by the Board of the Corporation.

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

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

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

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

The Audit Committee met three times in the year to 31 July 2024.

Statement of Corporate Governance and Internal Control (continued)

The members of the committee and their attendance records for 2023/2024 are shown below:

Member	Status	Resignation	Meetings attended (3)
<b>Jed Hassid</b> Chairperson	Independent Member		3/3
<b>Heather Lang</b>	Independent Member		3/3
<b>Jeremy Woodside</b>	Independent Member		-serving sabbatical
<b>Ian Duncan</b>	Co-opted Member		3/3
<b>Emma Kelly</b>	Co-opted Member	03.09.2024	2/3
<b>Matthew Swann</b>	Co-opted Member		3/3

RESOURCES COMMITTEE

The Resources Committee comprises 8 members of the Board of the Corporation and one co-opted member. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Resources Committee meets five times per year and considers all issues relating to Finance, Accommodation, Information Technology and Human Resources.

FURTHER EDUCATION CURRICULUM AND QUALITY COMMITTEE

The Further Education Curriculum & Quality Committee comprises 11 members of the Board of the Corporation including the Staff Governor and the 2 Student Governors. The Committee operates in accordance with written terms of reference approved by the Board of the Corporation.

The Further Education Curriculum & Quality Committee meets three times per year and considers all issues relating to curriculum and quality of education matters.

HIGHER EDUCATION CURRICULUM AND QUALITY COMMITTEE

The Higher Education Curriculum & Quality Committee comprises 5 members of the Board of the Corporation, 3 externally co-opted members and a Higher Education Student Representative. The Committee operates in accordance with written terms of reference approved by the Board of the Corporation.

The Higher Education Curriculum & Quality Committee meets three times per year and considers all issues relating to curriculum and quality of education matters. This includes review of OfS compliance with ongoing conditions of registration, terms and conditions of funding and other regulatory responsibilities.

SEARCH COMMITTEE

The Search Committee comprises 5 members of the Board of the Corporation and 1 externally co-opted specialist. The Committee operates in accordance with written terms of reference approved by the Board of the Corporation.

The Search Committee meets normally twice per year and considers all issues relating to recruitment and appointments to the Board of the Corporation, all Governance Policies including the Training and Development of Board Members.

## Statement of Corporate Governance and Internal Control (continued)

### INTERNAL CONTROL

#### **Scope of responsibility**

The Board of the Corporation is ultimately responsible for the group'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 Board of the Corporation has delegated the day-to-day responsibility to the Principal and Chief Executive Officer, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of TSCG's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Funding Agreement between Trafford & Stockport College Group and the funding bodies. The Principal and Chief Executive Officer is also responsible for reporting to the Board of the Corporation any material weaknesses or breakdowns in internal control.

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

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of group policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically. The system of internal control has been in place in Trafford & Stockport College Group for the year ended 31 July 2024 and up to the date of approval of the annual report and accounts.

#### **Capacity to handle risk**

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

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

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

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



## Statement of Corporate Governance and Internal Control (continued)

Trafford & Stockport College Group engages external firms to provide internal audit services, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board of the Corporation on the recommendation of the audit committee. At minimum, annually, the Internal Auditors to the College provide the governing body with a report on internal audit activity in the Group. The report includes the Internal Auditors' independent opinion on the adequacy and effectiveness of Trafford & Stockport College Group system of risk management, controls, and governance processes.

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

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

A risk register is maintained at management level, which is reviewed termly by the Audit Committee. The Board of the Corporation reviews the Group's high rated risks at every meeting. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Group and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The principal risks as set out in the Principal Risks and Uncertainties section of the Governors' Report relate to government funding, pension liabilities, financial viability and the successful longer term merger requirements. The mitigations for each specific risk are set out in the Principal Risks and Uncertainties section of the Governors' Report.

### **Control weaknesses identified**

Each year the internal auditors carry out several audits and make recommendations for improvements. In order to address the risks identified improvement actions are put in place by the Group. The internal auditors subsequently complete follow up audits to confirm that the actions agreed for implementation by management have been undertaken and are operational. Of the internal audits undertaken in the year all 4 had reasonable design assurance. 2 of the audits had reasonable operation assurance with 1 partial operation assurance and 1 substantial operation assurance.

In year, there 2 High, 13 Medium and 5 Low recommendations. In addition to the internal audits, the Internal Auditors also performed 3 Business Critical Controls reviews and identified 2 High, 4 Medium and 6 Low recommendations. At every meeting of The Audit Committee management provide a report which tracks the management progress of all audit recommendations.

Based on the work undertaken and subject to the weaknesses identified and reported in the internal audit reports, the Internal Auditors concluded that the Board can be provided with a reasonable level

## Statement of Corporate Governance and Internal Control (continued)

of assurance that there is an effective framework of governance, risk management and internal control at the Trafford and Stockport College Group.

The Audit Committee is satisfied that the actions taken are sufficient to address the control weaknesses identified. The Audit Committee reports regularly to the Board of the Corporation on actions and progress.

### **Responsibilities under accountability agreements**

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

### STATEMENT FROM THE AUDIT COMMITTEE

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

The specific areas of work undertaken by the Audit Committee in 2024 and up to the date of the approval of the financial statements are:

- HR- Absence Management
- Apprenticeships
- Work Placements
- Learner Numbers (16-19 student data)
- Higher Education
- Business Critical Controls – Finance
- Business Critical Controls – HR
- Business Critical Controls – Health and Safety

### **Other Work considered by the Committee**

- Additional work Undertaken by Group Auditors Policy
- Audit Committee Terms of Reference
- Procurement Consultant update
- Annual Value for Money Report 2023-2024 - No significant issues
- Final External Audit Plan 2023-24 - Recommended to Board for approval
- Annual Internal Audit Plan 2023-2024 - Recommended to Board for approval
- Annual Internal Audit Report 2023-2024 - Recommended to Board for approval
- Board Assurance and Risk Management Framework - No significant issues
- Draft Report and Financial Statements year ending 31 July 23 - Recommended to Board for approval
- Regularity Self-Assessment Questionnaire 2023-24



## Statement of Corporate Governance and Internal Control (continued)

- Data Protection Annual Report 2022/2023, Progress Reports for 2023/2024 and Data Protection Policy 2024/2026
- Whistleblowing, Anti-Fraud, Theft, Bribery and Corruption Policy and Board Assurance and Risk Management Policy
- Financial Statements and Regularity Auditors Progress Report 2022-2023  
Leaders in Safeguarding Audit Report
- Office for Students Audit (MIS) 2023 and follow up 2024
- Audit Tracker of Management Actions against Audit Recommendations
- College Accounts Direction and Post 16 Audit Code of Practice 2023-2024
- Audit Committee Self-assessment 2022-2023.

### REVIEW OF EFFECTIVENESS

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

- the work of the internal auditors.
- the work of the executive managers within TSCG who have responsibility for the development and maintenance of the internal control framework; and
- comments made by Trafford & Stockport College Group's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors in their management letters and other reports.

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

The Principal and 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 management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board of the Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2024 meeting, the Board of the Corporation carried out the annual assessment for the year ended 31 July 2024 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2024.

Based on the advice of the Audit Committee and the Accounting Officer, the Board of the Corporation is of the opinion that the Group 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"*.

Statement of Corporate Governance and Internal Control (continued)

Approved by order of the Members of the Board of the Corporation and signed on its behalf by:



**Graham Luccock**  
**Chair**

Date: 11th December 2024



**James Scott**  
**Principal and Chief Executive Officer**

Date: 11th December 2024

## Statement of Regularity, Propriety and Compliance

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

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

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



**James Scott**  
**Principal and Chief Executive Officer**  
Date: 11th December 2024

## Statement of the Chairperson of the Board of the Corporation

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



**Graham Luccock**  
**Chairperson**  
Date: 11th December 2024

## Statement of Responsibilities of the Members of the Board of the Corporation (continued)

### Statement of Responsibilities of the Members of the Board of the Corporation

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

Within the terms and conditions of the Board of the Corporation's grant funding agreements and contracts with ESFA and DfE, and any other relevant funding bodies, the Board of the Corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction, OfS 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 Board of the Corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions as appropriate (which must be consistent with other disclosures in the accounts and auditor's report); and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the college will continue in operation.

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

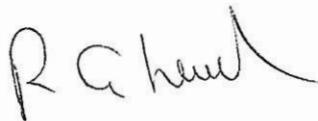
The Board of the Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the college and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the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

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

## Statement of Responsibilities of the Members of the Board of the Corporation (continued)

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 ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the “Dear accounting officer” letter of 29 November 2022 and ESFA’s bite size guides. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation’s resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA, DfE and other public bodies are not put at risk.

Approved by order of the Members of the Board of the Corporation and signed on its behalf by:



**Graham Luccock**

**Chair**

Date: 11th December 2024

## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF TRAFFORD AND STOCKPORT COLLEGE GROUP

### OPINION

We have audited the financial statements of TRAFFORD AND STOCKPORT COLLEGE GROUP (the "College") for the year ended 31 July 2024 which comprise the College Statements of comprehensive income, the College Statement of changes in reserves, the College Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Further Education SORP 2019 and the College Accounts Direction 2023 to 2024 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the College's affairs as at 31 July 2024 and of the College's total comprehensive surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further Education SORP 2019, the Accounts Direction issued by the Office for Students and the College Accounts Direction 2023 to 2024 issued by the Education and Skills Funding Agency.

### BASIS OF 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 United Kingdom, including the Financial Reporting Council'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 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 Corporation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF TRAFFORD AND STOCKPORT COLLEGE GROUP (CONTINUED)

**OTHER INFORMATION**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE OFFICE FOR STUDENTS' ACCOUNTS DIRECTION**

In our opinion, in all material respects:

- funds from whatever source administered by the college for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of our knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the Corporation's report including the Strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the College financial statements are not in agreement with the accounting records and returns; or
- all the information and explanations required for the audit were not received; or
- the going concern basis of accounting and disclosure of material uncertainties is appropriate.



INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF TRAFFORD AND STOCKPORT COLLEGE GROUP (CONTINUED)

**WE HAVE NOTHING TO REPORT IN RESPECT OF THE FOLLOWING MATTERS WHERE THE OFFICE FOR STUDENTS' ACCOUNTS DIRECTION REQUIRES US TO REPORT TO YOU IF:**

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

**RESPONSIBILITIES OF MEMBERS OF THE CORPORATION**

As explained more fully in the Statement of responsibilities of the Members of the Corporation, 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 members 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 these financial statements.

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

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

- the responsible individual ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Corporation through discussions with the Corporation and other management;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operation of the company
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management;



INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF TRAFFORD AND STOCKPORT COLLEGE GROUP (CONTINUED)

- identified laws and regulations were communicated within the audit team regularly and the team; and
- remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Corporation's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures as a risk assessment tool to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- tested the operating effectiveness of key controls over purchase cycles on a sample basis; and
- reviewed the application of accounting policies including the application of capitalisation of tangible assets, and timing of recognition of grant income; and
- Considered during our work on regularity, propriety and compliance.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

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

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

## USE OF OUR REPORT

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 18 June 2022. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.



**Karen Rae FCCA (Senior Statutory Auditor)**

**Armstrong Watson Audit Limited**

Chartered Accountants & Statutory Auditors

Manchester

Date: 16<sup>th</sup> December 2024

REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF TRAFFORD AND STOCKPORT COLLEGE GROUP AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY (the ESFA)

In accordance with the terms of our engagement letter dated 18 June 2022 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects, the expenditure disbursed and income received by Trafford and Stockport College Group during the period 1 August 2023 to 31 July 2024 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

**Respective responsibilities of TRAFFORD AND STOCKPORT COLLEGE GROUP and the reporting accountant**

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

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

**Approach**

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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

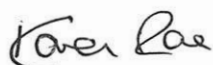
Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the Group and College's income and expenditure.

The work undertaken to draw our conclusion includes:

- A review of the accuracy of the Corporation's self-assessment of compliance with regularity and propriety requirements and review of appropriate evidence and documentation.
- Review of expenditure systems for compliance with corporation policy and scheme of delegation.
- Consideration of staff expense claims in line with policy
- Review of procedures in respect of government procurement cards.
- Review of Corporation minutes.
- Consideration of advisory matters from internal auditors' reports.

### **Conclusion**

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2023 to 31 July 2024 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Karen Rae FCCA (Senior Statutory Auditor)**  
**Armstrong Watson Audit Limited**  
Chartered Accountants & Statutory Auditors  
Manchester

Date: 16th December 2024

## Statement of Comprehensive Income

	Notes	2024 £'000	2023 £'000
<b>Income</b>			
Funding body grants	2	49,369	44,539
Tuition fees and education contracts	3	5,838	4,558
Other income	5	268	236
Endowment and investment income	6	495	1,014
<b>Total income</b>		<b>55,970</b>	<b>50,347</b>
<b>Expenditure</b>			
Staff costs	7	32,276	31,072
Restructuring costs	7	4	38
Other operating expenses	9	16,371	15,206
Depreciation	13	4,569	4,144
Interest and other finance costs	11	412	423
<b>Total expenditure</b>		<b>53,632</b>	<b>50,883</b>
<b>(Deficit) / Surplus before other gains and losses</b>		<b>2,338</b>	<b>(536)</b>
Gain / (loss) on disposal of assets		-	-
<b>(Deficit) / Surplus before tax</b>		<b>2,338</b>	<b>(536)</b>
Actuarial gain / (loss) in respect of pensions schemes	26	7,929	10,328
LGPS effective asset ceiling	26	(8,240)	(10,500)
<b>Total Comprehensive Income/(Expenditure) for the year</b>		<b>2,027</b>	<b>(708)</b>
<b>Represented by:</b>			
Restricted comprehensive income		-	-
Unrestricted comprehensive income		2,027	(708)
		<b>2,027</b>	<b>(708)</b>

All items of income and expenditure relate to continuing activities.

The accompanying notes form part of these financial statements.

## Statement of Changes in Reserves

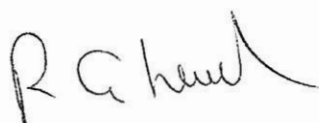
	Income and Expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
<b>As at 1 August 2022</b>	<b>41,309</b>	<b>2,141</b>	<b>43,450</b>
Deficit from the income and expenditure account	(536)	-	(536)
Actuarial gain loss in respect of Local Government Pension Scheme	10,328	-	10,328
LGPS Effective asset ceiling	(10,500)	-	(10,500)
Total comprehensive income for the year	(708)	-	(708)
Transfers between reserves	95	(95)	-
<b>As at 1 August 2023</b>	<b>40,696</b>	<b>2,046</b>	<b>42,742</b>
Surplus from the income and expenditure account	2,338	-	2,338
Actuarial gain in respect of Local Government Pension Scheme	7,929	-	7,929
LGPS Effective asset ceiling	(8,240)	-	(8,240)
Total comprehensive income for the year	2,027	-	2,2027
Transfers between reserves	96	(96)	-
<b>As at 31 July 2024</b>	<b>42,819</b>	<b>1,950</b>	<b>44,769</b>

The accompanying notes form part of these financial statements.

## Statement of Financial Position

	Notes	2024 £'000	2023 £'000
<b>Non Current Assets</b>			
Tangible fixed assets	13	102,435	99,768
		<b>102,435</b>	<b>99,768</b>
<b>Current assets</b>			
Trade and other receivables	14	3,102	2,176
Investments	15	2,000	2,000
Cash and cash equivalents	20	10,124	9,352
		<b>15,226</b>	<b>13,528</b>
<b>Less: Creditors – amounts falling due within one year</b>	16	(11,579)	(11,983)
<b>Net current assets</b>		<b>3,647</b>	<b>1,545</b>
<b>Total assets less current liabilities</b>		<b>106,082</b>	<b>101,313</b>
Less: Creditors – amounts falling due after more than one year	17	(60,485)	(57,682)
<b>Provisions</b>			
Defined benefit obligations	26	-	-
Other provisions	19	(828)	(889)
<b>Total net assets</b>		<b>44,769</b>	<b>42,742</b>
<b>Unrestricted reserves</b>			
Income and expenditure account		42,819	40,696
Revaluation reserve		1,950	2,046
<b>Restricted Reserves</b>			
Restricted income		-	-
<b>Total reserves</b>		<b>44,769</b>	<b>42,742</b>

The Financial Statements were approved and authorised for issue by the Members of the Board of the Corporation and signed on its behalf by:



**Graham Luccock**  
Chair

Date: 11th December 2024



**James Scott**  
Principal and Chief Executive Officer

Date: 11th December 2024

The accompanying notes form part of these financial statements.



## Statement of Cash Flows

	Notes	2024 £'000	2023 £'000
<b>Cash inflow from operating activities</b>			
Surplus/(deficit) for the year		2,338	(536)
<b>Adjustment for non cash items</b>			
Depreciation	13	4,569	4,144
Deferred capital grants released to income	2	(2,718)	(2,266)
(Increase)/decrease in debtors	14	(926)	(566)
Increase/(decrease) in creditors due within one year	16	300	(447)
Increase/(decrease) in creditors due after one year	17	-	-
Increase/(decrease) in provisions	19	(61)	(99)
			512
Pensions costs less contributions payable	26	(308)	
<b>Adjustment for investing or financing activities</b>			
Gain on acquisition		-	-
Investment income	6	(495)	(1,014)
Interest payable	11	412	423
Profit on sale of fixed assets		-	-
<b>Net cash flow from operating activities</b>		<b>3,114</b>	<b>151</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		-	-
Cash on acquisition		-	-
Investment income	6	495	297
New deposits	15	-	4,000
Payments made to acquire fixed assets	13	(7,236)	(10,263)
Deferred capital grants received		5,109	4,280
<b>Net cash flow from investing activities</b>		<b>(1,632)</b>	<b>(1,686)</b>
<b>Cash flows from financing activities</b>			
Interest paid	11	(412)	(390)
Repayments of amounts borrowed		(295)	(282)
<b>Net cash flows from financing activities</b>		<b>(707)</b>	<b>(672)</b>
<b>Increase / (decrease) in cash and cash equivalents in the year</b>		<b>772</b>	<b>(2,207)</b>
Cash and cash equivalents at beginning of the year	20	9,352	11,559
Cash and cash equivalents at end of the year	20	10,124	9,352

## Notes to the Financial Statements

### 1. Accounting Policies

#### **Legal Status**

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

The Corporation was incorporated as South Trafford College. On 1st September 2007, the Secretary of State granted consent to the Corporation to change the College's name to Trafford College. On this date, the activities of North Trafford College were merged with those of South Trafford College.

On 5 April 2018, the Corporation merged with Stockport College under a Type B merger and the Secretary of State granted consent to the Corporation to change the College's name to The Trafford College Group.

On 4 May 2021, the Corporation merged with Cheadle and Marple Sixth Form College, with the relative sizes and lasting governance arrangements such that this transaction is effectively an acquisition for the purpose of accounting treatment. As such, the fair value of the assets and liabilities were transferred to TSCG from 4 May 2021, with the income and expenditure of Cheadle and Marple Sixth Form College included in the results of the Trafford College Group from this date onwards.

On 1<sup>st</sup> January 2024, the group changed its name from The Trafford College Group to Trafford & Stockport College Group.

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

#### **Basis of Preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2023 to 2024 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The Office for Students Accounts Direction has been applied where disclosure is required in excess of the College Accounts Direction for 2023 to 2024. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are prepared in £ sterling.

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

#### **Basis of Accounting**

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

## Notes to the Financial Statements (continued)

### **Going Concern**

After making appropriate enquiries, the Corporation considers that TSCG has adequate resources to continue in operational existence for the foreseeable future. TSCG scenario planning process models through the impact to the Financial Health Grading as well as our banking covenants.

TSCG primarily meets its day-to-day working capital requirements through cash generated from its day-to-day activities. TSCG is funding over £7m of its contribution to the redevelopment of Cheadle Campus, which is currently at planning stage.

TSCG currently has one loan of £5.1m outstanding at 31 July 2024 with Barclays Bank, with current annual payments of £663k (principal plus interest) ending in 2036. The loan with Barclays includes a number of covenants. TSCG's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

TSCG has operating plans to ensure it continues to operate and provide learners with an outstanding education experience with excellent qualification outcomes. TSCG has modelled a number of financial scenarios taking account of key financial risks to TSCG into account and TSCG's financial projections and mitigations indicate that TSCG has adequate resources to continue in operational existence for the foreseeable future.

The risks established by pay negotiations with Trade Union have been considered in scenario planning, to confirm the adequacy of resources and to update forecasts for these costs. Other scenarios include mitigations for inflationary pressures to all non-pay costs.

Accordingly, TSCG has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of the financial statements, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

### **Recognition of Income**

#### *Revenue grant funding*

Revenue grant funding includes funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the Statement of Comprehensive Income. 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 result of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

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

## Notes to the Financial Statements (continued)

The merger with Cheadle and Marple Sixth Form College on 4 May 2021 is being supported by the Provider Market Oversight Unit with support funds of £16k (2023: £167k) recognised during the financial year. £16k (2023: £167k) was expended in the financial year. No further funds are expected from the Provider Market Oversight Unit in respect of this merger.

### *Capital grant funding*

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when TSCG is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Statement of Financial Position and released to income as conditions are met.

### *Fee income*

Income from tuition fees is recognised in the period for which it is received and includes all fees chargeable to students or their sponsors.

### *Other grants and contracts*

Income from grants, contracts and other services rendered is included to the extent of the conditions of the funding having been met or the extent of the completion of the contract or service concerned.

### *Other income*

Income for other services rendered is recognised in line with the proportion of the service that has been delivered.

### *Investment income*

Income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

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

Post-employment benefits to employees of TSCG are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

### *Teachers' Pension Scheme (TPS)*

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

## Notes to the Financial Statements (continued)

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

Actuarial gains and losses are recognised immediately in the Statement of Comprehensive Income.

### **Short term Employments benefits**

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

### **Enhanced Pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by TSCG 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 TSCG's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the Statement of Financial Position.

### **Tangible Fixed Assets**

#### **a) Land and Buildings**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated as it is considered to have an infinite useful life. The useful economic life of 50 years is estimated for all newly constructed or redeveloped building stock. Improvements to land and buildings are depreciated over the period of their useful economic life.

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 Statement of Comprehensive Income over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

## Notes to the Financial Statements (continued)

On adoption of FRS 102, TSCG followed the transitional provision to retain the book value of land and buildings which were revalued in 1993, but not to adopt a policy of revaluations of these properties in the future.

### *Assets under construction*

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

### *Subsequent expenditure on existing fixed assets*

Where significant expenditure is incurred on tangible fixed assets it is charged to the Statement of Comprehensive Income in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance.

### **b) Equipment**

Equipment costing less than £1,000 per individual item is expensed in the Statement of Comprehensive Income in the period of acquisition. The only exception is in relation to personal computers for which a lower capitalisation value may apply or those items that are capital in nature. All other equipment is capitalised at cost.

All assets are depreciated straight line over their useful economic life as follows:

Computer equipment	20-33% per annum
Office equipment	20-33% per annum
Furniture, plant and equipment	10-33% per annum

Where equipment is acquired with the aid of 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 Statement of Comprehensive Income over the expected useful economic life of the related equipment.

### **Impairment**

The carrying amounts of the Corporation's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in net income and expenditure.



## Notes to the Financial Statements (continued)

The recoverable amount of the tangible fixed assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the depreciated replacement cost of the assets has been assessed.

### **Borrowing Costs**

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

### **Leased assets**

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the Statement of Financial Position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account to produce a constant periodic rate of interest on the remaining balance of the liability.

### **Current investments**

Cash held in short term deposit accounts for maturity of between three and nine months during which cash is not accessible.

### **Cash and Cash equivalents**

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

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

### **Financial liabilities and equity**

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

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

### **Provisions**

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.



## Notes to the Financial Statements (continued)

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.

### **Maintenance of Premises**

The cost of routine corrective maintenance is charged to the Statement of Comprehensive Income in the period that it is incurred.

### **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 Chapter 3 Part 11 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 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.

### **Agency Arrangements**

TSCG acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Statement of Comprehensive Income and are shown separately in Note 29, except for the 5% of the grant received which is available to TSCG to cover administration costs relating to the grant. TSCG employs a team of staff dedicated to the administration of Learner Support Fund applications and payments.

Any disbursements over and above the grant monies received are charged to the Income and Expenditure account.

### **Judgements in applying accounting policies and key sources of estimation uncertainty**

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

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

## Notes to the Financial Statements (continued)

- In determining the carrying value of the defined benefit pension liability, management judgment has been utilised to determine that no defined benefit asset should be recognised. The actuarial valuation determined a net asset of £39,481k against an asset in 2023 of £31,241k, which was not recognised in the 2023 financial statements. The definitions of an asset and contingent asset require probable future economic benefits, which are not considered to exist given the nature of the fund, the volatile economic circumstances and inconsistencies with the near and medium term past which raises doubts about the likely continuation of the asset position. The asset position does not directly drive the deficit contribution calculation at the triennial review and therefore a direct flow through to reduced contribution rates cannot be expected.

Other key sources of estimation uncertainty:

- **Tangible fixed assets**

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The useful 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.

- **Impairment**

In assessing impairment of tangible fixed assets, management estimates the recoverable amount of cash generating units based on their depreciated replacement cost, where a market value is not available, using the remaining useful life of the assets. At the end of this reporting period management performed a depreciated replacement cost calculation against the replacement value of the estate. If the depreciated replacement cost shows a lower valuation than the net book value of tangible fixed assets an impairment would be made. Based on this evaluation including management estimates and assumptions no impairment was made during the reporting period. Estimation uncertainty relates to the assumptions around the replacement valuation and the useful life of the assets.

- **Local Government Pension Scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net obligation for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26 will impact the carrying amount of the pension 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 liability at 31 July 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

A proportion of the asset portfolio within the pension scheme is valued on a quarterly basis and therefore management estimate an element of the pension asset values at 31 July 2024 using an external expert. Economic volatility due to ongoing worldwide conflicts represents an increased level of uncertainty within the estimation of such assets.

The pension asset at 31 July 2024 includes £11,802k (8%) (2023: £10,903k (8%)) of property assets which are valued annually as part of determining the value of the net pension liability at year end.

## Notes to the Financial Statements (continued)

### 2. Funding body grants

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Recurrent grants</b>		
Education and Skills Funding Agency - adult	383	580
Greater Manchester Combined Authority - adult	6,701	6,228
Education and Skills Funding Agency – 16 -18	33,060	30,611
Education and Skills Funding Agency - apprenticeships	3,276	2,516
Office for Students (see note 4)	338	258
<b>Specific grants</b>		
Education and Skills Funding Agency - transaction unit	16	167
Education and Skills Funding Agency - LSF admin	93	64
Education and Skills Funding Agency - T-Levels	9	-
Education and Skills Funding Agency - Other	-	1
Greater Manchester Combined authority – GM Multiply	20	39
Greater Manchester Combined Authority - GMIT System	-	5
Education and Skills Funding Agency - SDF fund	-	37
Education and Skills Funding Agency - RAAC	679	-
Education and Skills Funding Agency - HTE Growth Fund	52	31
Education and Skills Funding Agency - Early Years	-	7
Education and Skills Funding Agency – LSIF	131	-
Teacher pension scheme contribution grant	1,218	1,042
Release of Government capital grants	2,718	2,266
<b>Specific grants– Coronavirus additional funding</b>		
Education and Skills Funding Agency – 16-19 Tuition Fund	675	687
-		
	<b>49,369</b>	<b>44,539</b>

Included within is a GMCA Multiply grant which is Restricted in nature.

### 3. Tuition fees and education

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Adult education fees	607	667
Apprenticeship fees and contracts	155	212
Fees for FE loan supported courses	302	272
Fees for HE loan supported courses (see note 4)	2,186	1,653
Employer apprenticeship fees	42	25
<b>Total tuition fees</b>	<b>3,292</b>	<b>2,829</b>
Education contracts – local authority	2,546	1,729
	<b>5,838</b>	<b>4,558</b>

## Notes to the Financial Statements (continued)

### 4. Higher Education grant and fee income

	<b>Notes</b>	<b>2024</b>	<b>2023</b>
		<b>£'000</b>	<b>£'000</b>
Grant income from the Office for Students	2	338	258
Fees for loan supported courses	3	1,947	1,653
Fee income from non-qualifying courses	3	239	262
Grant income from other bodies	5	53	100
		<b><u>2,577</u></b>	<b><u>2,273</u></b>

Higher Education grant and fee income represents income for courses at Level 4 and above.

### 5. Other income

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Catering and residences	34	17
Other income generating activities	57	49
Miscellaneous income	177	170
	<b><u>268</u></b>	<b><u>236</u></b>

### 6. Investment income

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Other interest receivable	488	297
Net return on pension scheme (note 26)	7	717
	<b><u>495</u></b>	<b><u>1,014</u></b>

### 7. Staff costs

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

	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
Teaching staff	386	445
Non-teaching staff	368	287
	<b><u>754</u></b>	<b><u>732</u></b>

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

	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
Teaching staff	328	373
Non-teaching staff	292	230
	<b><u>620</u></b>	<b><u>603</u></b>

Notes to the Financial Statements (continued)

**Staff costs for the above persons**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	23,972	21,211
Social security costs	2,196	1,921
Apprentice levy	105	91
Other pension costs	5,089	5,177
<b>Payroll sub total</b>	<b>31,362</b>	<b>28,400</b>
Contracted out staffing services	914	2,672
	<b>32,276</b>	<b>31,072</b>
<b>Fundamental restructuring costs:</b>		
Contractual	1	33
Non-contractual	3	5
	<b>32,280</b>	<b>31,110</b>

The Corporation has salary sacrifice arrangements in place for childcare vouchers which equated to £17k in total for the year (2023: £21k) and a cycle to work scheme totalling £859 (2023: £2k).

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

	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
£60,001 to £65,000	3	1
£65,001 to £70,000	-	1
£70,001 to £75,000	1	1
£75,001 to £80,000	3	2
£80,001 to £85,000	1	1
£85,001 to £90,000	-	-
	<b>8</b>	<b>6</b>

8. Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of TSCG, as represented by the Executive Leadership Team which comprises the Principal and Chief Executive Officer (Accounting Officer), Deputy Principal, Vice Principal - Corporate Services and Planning, the Chief Finance Officer and the Corporation Secretary.

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

	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
The number of key management personnel including the Accounting Officer was:	8	5

Notes to the Financial Statements (continued)

Key management personnel emoluments are made up as follows:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Basic salary	635	620
Pension contributions	151	146
National Insurance contributions	81	81
	<b>867</b>	<b>847</b>

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

The number of key management personnel who received emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, was banded as follows:

	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
£15,001 to £20,000	2	-
£40,001 to £45,000	1	-
£45,0001 to £50,000	1	-
£60,001 to £65,000	1	-
£75,001 to £80,000	-	1
£115,001 to £120,000	-	2
£120,001 to £125,000	1	1
£125,001 to 130,000	1	-
£185,001 to £190,000	-	1
£195,001 to £200,000	1	-
	<b>8</b>	<b>5</b>

The previously stated emoluments include amounts paid to the Principal and Chief Executive who is the Accounting Officer and who is also the highest paid member of staff. The Principal and Chief Executive has been in post since 1 August 2020. Their pay and remuneration is as follows:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Basic salary	198	189
Benefits in kind	-	-
	<b>198</b>	<b>189</b>
Pension contributions	50	45
	<b>248</b>	<b>234</b>

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

## Notes to the Financial Statements (continued)

The Board of the Corporation has adopted the AoC’s Senior Staff Remuneration Code in December 2018 and assesses pay for key management personnel in line with its principles.

The remuneration package of key management personnel, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the Board of the Corporation who use benchmarking information to provide objective guidance.

The Remuneration Committee provided the Board of the Corporation with an annual report for the period ending 31 July 2024 which detailed amongst other issues the following information:

- The approach to the Remuneration of Senior Post Holders which is based on the adoption of the AoC Remuneration Code including the key elements of: a fair and appropriate and justifiable level of remuneration, procedural fairness and transparency and accountability.
- The remuneration and Terms and Conditions of Senior Post Holders for the Year.
- Performance targets for all Senior Post Holders together with an assessment of performance against targets.

The Board of the Corporation operates an approved Senior Post Holder Remuneration Policy which includes the College’s Policy on the following matters:

- The Principles and Procedures for determining Senior Post Holders Pay.
- Severance Payments and the Annual Statement.

In accordance with Senior Post Holders’ Remuneration Policy, the Remuneration Committee undertook its annual salary benchmarking review.

The Principal and Chief Executive reports to the Chair of the Board of the Corporation, who undertakes an annual review of their performance against TSCG’s overall objectives using both qualitative and quantitative measures of performance. All other key management personnel undertake a similar performance review process.

**The relationship of Principal/Chief Executive pay and remuneration expressed as a multiple, is as follows:**

	<b>2024</b>	<b>2023</b>
	<b>£’000</b>	<b>£’000</b>
Principal and CEO’s basic salary as a multiple of the median of all staff	5.1	5.1
Principal and CEO’s total remuneration as a multiple of median of all staff	6.1	6.1

### **Compensation for loss of office paid to former key management personnel**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Compensation paid to the former post-holder (contractual)	-	-
Compensation paid to the former post-holder (non-contractual)	-	-



Notes to the Financial Statements (continued)

9. Other operating expenses

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Teaching costs	4,044	3,180
Non-teaching costs	6,262	6,024
Premises costs	6,065	6,002
	<b>16,371</b>	<b>15,206</b>

Included in the expenditure above is amounts related to a GMCA Multiply grant which is restricted in nature.

**Other operating expenses include:**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration:		
Financial statements audit	63	47
Other services provided by the financial statements' auditors in respect of Teachers' Pension Scheme audit return	9	11
Internal audit	46	38
Other services provided by the internal auditors	-	-
Hire of assets under operating leases:		
Land and buildings	1,062	495
Equipment	109	104

## Notes to the Financial Statements (continued)

### 10. Access and Participation expenditure

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Financial support to students	27	37
Research and evaluation	17	37
Access investment	62	31
Support for disabled students	18	35
	<b>124</b>	<b>140</b>

The Access and Partnership plan is available on TSCG's website.

### 11. Interest payable

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
On bank loans, overdrafts and other loans:	368	390
Net interest on defined pension liability (note 26)	44	33
	<b>412</b>	<b>423</b>

### 12. Taxation

The members of the Board of the Corporation do not believe that the College was liable for any corporation tax arising out of its activities during the year (2023: £nil).

## Notes to the Financial Statements (continued)

## 13. Tangible fixed assets

	Land and buildings - Freehold £'000	Equipment £'000	Assets under Construction £'000	Total £'000
<b>Cost or valuation</b>				
As at 1 August 2023	124,380	13,079	1,182	138,641
Fair value on acquisition				-
Additions	1,122	2,091	4,023	7,236
Disposals	-	(22)	-	(22)
Reclassification	58	-	(58)	-
<b>As at 31 July 2024</b>	<b>125,560</b>	<b>15,148</b>	<b>5,147</b>	<b>145,855</b>
<b>Depreciation</b>				
As at 1 August 2023	29,204	9,669	-	38,873
Charge for the year	2,946	1,623	-	4,569
Elimination in respect of disposals	-	(22)		(22)
<b>As at 31 July 2024</b>	<b>32,150</b>	<b>11,270</b>	<b>-</b>	<b>43,420</b>
<b>Net Book Value as at 31 July 2024</b>	<b>93,410</b>	<b>3,878</b>	<b>5,147</b>	<b>102,435</b>
<b>Net Book Value as at 31 July 2023</b>	<b>95,176</b>	<b>3,410</b>	<b>1,182</b>	<b>99,768</b>

Freehold land and buildings include £594k of interest payments which were capitalised prior to FY2016/17.

In April 1993 inherited land and buildings were valued by independent chartered surveyors for the purpose of the Financial Statements at depreciated replacement cost. Other tangible assets gifted from the Local Authority at incorporation have been valued by the Corporation on a depreciated historical cost basis. The historical cost to the College of inherited land and buildings is nil.

Land and buildings acquired as a result of the merger with Stockport College in April 2018 were recognised at the fair value attributed to them by an independent chartered surveyor.

Land and buildings acquired as a result of the merger with Cheadle and Marple Sixth Form College in May 2021 were recognised at the fair value attributed to them by an independent chartered surveyor.

Construction of our £27m new campus building at Cheadle began in April 2024 supported by funding from the Department for Education. The project is currently on plan and on budget and we expect the new building to be ready for our September 2025 intake. This new building will provide state of the art facilities for our learners and staff as well as go some way in supporting the Group in reducing our carbon footprint.

Notes to the Financial Statements (continued)

14. Trade and other receivables

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	1,101	95
Prepayments and accrued income	810	975
Amounts owed by the ESFA	1,191	1,106
	<b>3,102</b>	<b>2,176</b>

15. Current Investments

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Short term deposits	2,000	2,000
<b>Total</b>	<b>2,000</b>	<b>2,000</b>

Deposits are held with banks operating in the London market and licensed by the Financial Conduct Authority.

16. Creditors: amounts falling due within one year

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans (note 18)	313	295
Trade payables	655	1,373
Other taxation and social security	540	567
Accruals and deferred income	3,433	2,677
Capital Creditors	361	250
Amounts disbursed as agent	1,104	1,876
Amounts owed to the GMCA/ESFA	1,111	158
Deferred income – capital grants in advance	1,302	2,069
Deferred income - government capital grants	2,760	2,718
Deferred income - government revenue grants	-	-
	<b>11,579</b>	<b>11,983</b>

Included in Accruals and deferred income is a holiday pay accrual of £216k (2023: £242k)

Included in the amounts owed to GMCA/ESFA is £22k (2023: £22k) of a GMCA Multiply grant which is restricted in nature.

Notes to the Financial Statements (continued)

17. Creditors: amounts falling due after one year

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans (note 18)	4,813	5,126
Deferred income - government capital grants	55,672	52,556
	<b>60,485</b>	<b>57,682</b>

18. Maturity of debt

(a) Bank loans and overdrafts are repayable as follows:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
In one year or less	313	295
Between one and two years	328	313
Between two and five years	1,084	1,033
In five years or more	3,401	3,780
	<b>5,126</b>	<b>5,421</b>

TSCG took out an unsecured loan during the year ended 31 July 2009 with Barclays Bank plc for £8million which was drawn down in full by July 2011. The purpose of this loan was to part fund the redevelopment works at the Altrincham campus. The loan was initially at a variable rate but was fixed at 4.98% from March 2010 and then increased to 6.73% in April 2018 following the merger with Stockport College. A further increase in the fixed rate to 6.98% occurred on 1 August 2020.

The final payment on the loan will be made in June 2036.

Barclays Bank also amended the security on the loan in April 2018 by taking a charge on the premises at:

- Trafford College, Talbot Road, Stretford, Manchester
- Trafford College, Manchester Road, West Timperley, Altrincham
- Land on the South Side of Stamford Brook Road, West Timperley, Altrincham.

19. Provisions

	<b>Enhanced pensions £'000</b>
As at 1 August 2023	889
Expenditure in the period	(101)
Finance costs	44
Actuarial (gain)/loss	(4)
<b>As at 31 July 2024</b>	<b>828</b>

The enhanced pension provision relates to the cost of staff who have already left the College's employment and commitments for reorganisation costs from which the College cannot reasonably

## Notes to the Financial Statements (continued)

withdraw at the balance sheet date. The provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	<b>2024</b>	<b>2023</b>
Price inflations	2.8%	2.8%
Discount rate	4.8%	5.0%

### 20. Cash and cash equivalents

	As at <b>1 August 2023</b>	Cash flows <b>£'000</b>	Other changes <b>£'000</b>	As at <b>31 July 2024</b>
Cash and cash equivalents	9,352	772	-	10,124

### 21. Analysis of net debt

	As at 1 August 2023 £'000	Cash flows £'000	Other changes £'000	As at 31 July 2024 £'000
<b>Cash and cash equivalents</b>				
Cash	9,352	772	-	10,124
<b>Investments</b>				
Short term investments	2,000	-	-	2,000
<b>Borrowings</b>				
Debt less than one year	(295)	295	(313)	(313)
Debt greater than one year	(5,125)	-	313	(4,813)
	<b>(5,420)</b>	<b>295</b>	<b>-</b>	<b>(5,126)</b>
<b>Net Debt</b>	<b>5,932</b>	<b>1,067</b>	<b>-</b>	<b>6,998</b>

### 22. Capital commitments

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Commitments contracted at 31 July	15,793	439

Trafford & Stockport College Group has contractual capital commitments relating to the re-development of the Cheadle campus.

## Notes to the Financial Statements (continued)

### 23. Lease Obligations

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

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	743	495
Later than one year and not later than five years	380	1,078
Later than five years	2,292	2,315
	<b>3,415</b>	<b>3,888</b>
<b>Other</b>		
Not later than one year	100	91
Later than one year and not later than five years	120	182
	<b>220</b>	<b>273</b>
<b>Total lease payments due</b>	<b>3,635</b>	<b>4,161</b>

### 24. Contingent liabilities

The Corporation is in receipt of a capital grant from the Department for Education (DfE) which contains an overage element. Dependent on the future financial performance of TSCG, the DfE may undertake a review of the recovery of any overage and its impact on TSCG's financial position at any time and may, in its discretion and following consultation with TSCG, determine that some of the grant could be repayable. Overage will be in place on certain elements of the grant until 31 July 2061.

At the last reporting date, there was an ongoing employment tribunal case lodged against the group. In its early stages and as at the reporting date, it was unclear the extent to which the claim may be ruled in favour or against TSCG. This case has been accepted by our insurers who are now handling the case directly with the claimant.

### 25. Events after the reporting period

On 9<sup>th</sup> August 2024, the group was notified of the proposed creditors' voluntary liquidation of one of its debtors, Salford & Trafford Engineering Group Training Association. A provision for the full outstanding debt that is due to TSCG has been provided for in the bad debt provision.



## Notes to the Financial Statements (continued)

### 26. Defined benefit obligations

TSCG's employees belong to two principal post-employment benefit plans: The Teachers' Pension Scheme England and Wales (TPS) for academic and related staff and the Greater Manchester Pension Fund (GMPF), a Local Government Pension Scheme for non-teaching staff, which is managed by Tameside MBC. Both are multi-employer defined-benefit plans.

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Teachers' Pension Scheme: contributions paid	3,166	2,737
Local Government Pension Scheme:		
Contributions paid	2,214	1,906
Additional accrued pension costs	(23)	22
FRS 102 (28) charge	(308)	512
Charge to the Statement of Comprehensive Income	1,883	5,177
Enhanced pension charge to Statement of Comprehensive Income	40	-
<b>Total Pension Cost for Year</b>	<b>5,089</b>	<b>5,177</b>

The pensions' costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial review of the TPS was 31 March 2020 and the LGPS 31 March 2019.

Contributions amounting to £634k (2023: £550k) were payable to the schemes at 31 July and are included within creditors.

#### Teachers' Pension Scheme

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

#### Valuation of the Teachers' Pension Scheme

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.

## Notes to the Financial Statements (continued)

### Defined benefit obligations (continued)

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

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion, giving a notional past service deficit of £22 billion.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the DfE prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgement that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. A proposed solution to the cost cap mechanism was proposed by the Government's Actuary in June 2021.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2019). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs from the 2020 academic year through to 2022.

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

## Notes to the Financial Statements (continued)

### Defined benefit obligations (continued)

The pension costs paid to TPS in the year amounted to £3,166k (2023: £2,737k).

#### Local Government Pension Scheme

The Greater Manchester Pension Fund (GMPF) is a funded defined-benefit plan, with the assets held in separate funds administered by Tameside MBC. The total contribution made for the year ended 31 July 2024 was £2,823k (2023: £2,419k) of which employer's contributions totalled £2,218k (2023: £1,906k) and employees' contributions totalled £605k (2023: £513k).

The agreed contribution rates are 22.8% from August 2023 until March 2024 then 21.8% for employers, and range from 5.5% to 12.5% for employees depending on salary.

#### Principal actuarial assumptions

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

	<b>2024</b>	<b>2023</b>
	<b>% per annum</b>	<b>% per annum</b>
Rate of increase in salaries	3.6%	3.8%
Discount rate for scheme liabilities	5.0%	5.1%
Inflation assumption (CPI)	2.8%	3.0%

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

	<b>2024</b>	<b>2023</b>
	<b>Years</b>	<b>Years</b>
<i>Retiring today</i>		
Males	20.8	20.9
Females	24.1	24.1
<i>Retiring in 20 years</i>		
Males	21.2	21.3
Females	24.8	24.9

Notes to the Financial Statements (continued)

Defined benefit obligations (continued)

The Trafford College Group's share of the assets in the plan and the expected rates of return were:

	<b>Fair Value</b>	<b>Fair Value</b>
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Equities	101,789	95,405
Bonds	22,128	19,081
Property	11,802	10,903
Cash	11,802	10,903
	<b>147,521</b>	<b>136,292</b>
<b>Actual return on plan assets</b>	<b>6,022</b>	<b>(3,339)</b>

The amount included in the Statement of Financial Position in respect of the defined benefit pension plan is as follows:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets	147,521	136,292
Present value of plan liabilities	(107,924)	(104,910)
Present value of unfunded liabilities	(116)	(141)
Effect of non-recognition of net defined benefit asset	(39,481)	(31,241)
<b>Net pensions liability</b>	<b>-</b>	<b>-</b>

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

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts included in staff costs</b>		
Current service cost	1,910	2,375
Past service cost	-	25
	<b>1,910</b>	<b>2,400</b>
<b>Amounts included in Interest and other finance costs</b>		
Net interest income/(cost)	(7)	(717)
	<b>(717)</b>	<b>(717)</b>
<b>Amounts recognised in Other Comprehensive Income</b>		
Return on pension plan assets	6,022	(3,339)
Experience gains/(losses) arising on defined benefit obligations	(3,624)	(16,163)
Changes in assumptions underlying the present value of plan liabilities	3,949	29,797
Effect of asset ceiling in 22/23	1,578	-
Effect of non-recognition of net defined benefit asset	(8,240)	(10,500)
	<b>(315)</b>	<b>(205)</b>

Notes to the Financial Statements (continued)

Defined benefit obligations (continued)

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

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Surplus/(deficit) in scheme at 1 August	-	-
Movement in year:		
Transferred in on acquisition	-	-
Current service cost	(1,910)	(2,375)
Employer contributions	2,218	1,888
Past service cost	-	(25)
Net interest on the defined benefit liability	7	717
Actuarial gain / (loss)	7,925	10,295
Effect of non-recognition of net defined benefit asset	(8,240)	(10,500)
<b>Net defined benefit liability at 31 July</b>	<b>-</b>	<b>-</b>

**Asset and Liability reconciliation**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
Defined benefit obligations at start of period	105,051	121,393
Transferred in on acquisition	-	-
Current Service cost	1,910	2,375
Interest cost	5,257	4,231
Contributions by Scheme participants	605	502
Experience gains and losses on defined benefit obligations	3,624	10,064
Changes in demographic assumptions	(3,732)	(2,507)
Changes in financial assumptions	(217)	(27,290)
Estimated benefits paid	(4,458)	(3,742)
Past Service cost	-	25
<b>Defined benefit obligations at end of period</b>	<b>108,040</b>	<b>105,051</b>

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reconciliation of assets</b>		
Fair value of plan assets at start of period	<b>136,292</b>	<b>142,134</b>
Transferred in on acquisition	-	-
Interest on plan assets	<b>6,842</b>	<b>4,948</b>
Return on plan assets	<b>6,022</b>	<b>(9,438)</b>
Employer contributions	<b>2,218</b>	<b>1,888</b>
Contributions by Scheme participants	<b>605</b>	<b>502</b>
Estimated benefits paid	<b>(4,458)</b>	<b>(3,742)</b>
Fair value of plan assets at end of period	<b>147,521</b>	<b>136,292</b>

## Notes to the Financial Statements (continued)

### Defined benefit obligations (continued)

These accounts show experience gains on obligations in respect of the McCloud/Sergeant judgement, Guaranteed Minimum Pension (GMP) indexation and GMP equalisation. GMP indexation and GMP equalisation have been included in the triennial valuation of 31 March 2022 so are implicit in the results to the balance sheet date of 31 July 2023.

In respect of the McCloud / Sergeant judgement, which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination, a provision of approximately £725k at 0.41% of the 2021 liability was included in 2021. This has been rolled forward and included within the closing position at 31 July 2022. The calculation of this adjustment arising from the outcome of the Court of Appeal judgement is based on a number of key assumptions including:

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

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions or making other adjustments to reflect behavioural changes stemming from the judgement, 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.

In July 2020 Ministry of Housing, Communities and Local Government (MHCLG) issued a consultation on the proposed McCloud remedy. The proposal is that only members who were active in the LGPS at both 31 March 2012 and 1 April 2014 would be eligible for the benefit underpin. The impact of this announcement means that any McCloud adjustment applied to liabilities will be lower than previously expected, allowing now for the restricted eligibility criteria, however, the remedy is yet to be agreed. Given this consultation, but that the form of remedy remains to be disclosed, there has been no change to the assumptions applied for the McCloud adjustment since 2020.

## Notes to the Financial Statements (continued)

### 27. Related party transactions

Owing to the nature of Trafford & Stockport College Group'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. No transactions were identified which should be disclosed under FRS 102 Section 33 on Related Party Disclosures. However, if such transactions were to arise such would be conducted in accordance with TSCG's financial regulations and normal procurement procedures.

The total expenses paid to or on behalf of the Governors during the year was £1,339; 5 Governors (2023: £204; 2 Governor). This represents travel and subsistence, 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 during the year (2023: £Nil).

### 28. Amounts disbursed as agent

#### Learner support funds

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Balance brought forward	1,876	1,648
Funding body grants – 16-18 bursary grants	1,265	1,097
Funding body grants – agreed clawback	(878)	-
Funding body grants – other	147	66
Local authority grants	29	15
	<b>2,439</b>	<b>2,826</b>
Disbursed to students	(1,241)	(886)
Administration costs	(93)	(64)
Balance unspent as at 31 July, included in creditors	<b>1,105</b>	<b>1,876</b>

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



