

Capital City College Group

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**
for the year ended 31 July 2023

**Capital City College Group is the licensed trading name
of The WKCIC Group**



CITY AND ISLINGTON
COLLEGE



Westminster
Kingsway College

The College of
Haringey, Enfield
and North East London



Capital City
College Training

Capital City College Group

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Capital City College Group

Reference and Administrative details of the Corporation, its Governors and Advisors for the Year ended 31 July 2023

Governors

Alastair Da Costa, Chair
Amelia Sussman
Angela Herbert
Asfa Sohail
Chanel Crooks
Chris Hyams
Nana Brew
Nicole Morgan
Pablo Lloyd
Professor Anthony Smith
Roy O'Shaughnessy (resigned 31 March 2023)
Sanna Jordansson
Sharon Saxton
Susan Benhene-Ocrah
Toyin Odutayo
Vincent Egunlae
Weiye Kou

Registered office

Westminster Kingsway College
211 Gray's Inn Road
London
WC1X 8RA

Company secretary

Graham Drummond

Key Management Personnel

Amanda Cowley, Chief People Officer (resigned 31 October 2022)
Colleen Marshall, Vice Principal
David Dangana, Director Group Quality
Elvie-Jo Shergold, Director of Marketing & Communications (resigned 31 October 2022)
Gary Hunter, Deputy Executive Principal (resigned 30 April 2023)
Graham Drummond, Group Director of Governance
Jackie Ruilsling, Director of Management Information
Jacqueline Chapman, Executive Director, Growth & Partnerships
Jasbir Sondhi, Vice Principal
Jeremy Wells, TIS Director
Kurt Hintz, Executive Principal
Neill Scott, Director of Estates and Facilities
Pablo Lloyd, Interim Group Chief Executive (appointed 1 March 2023)
Rachael White, Chief Financial Officer
Robin Hindley, Vice Principal
Roy O'Shaughnessy, Chief Executive Officer (resigned 31 March 2023)
Sarah Ventham, Director of Finance
Stewart Cross, Director of Business Intelligence and Planning
Trovene Hartley, Director of Human Resources (appointed 1 October 2022)

Capital City College Group

Reference and Administrative details of the Corporation, its Governors and Advisors for the Year ended 31 July 2023

| | |
|-----------------------------|---|
| Independent auditors | MHA Chartered Accountants 6th Floor 2 London Wall Place London, United Kingdom EC2Y 5AU |
| Bankers | Barclays Bank PLC 1 Churchill Place London E14 5HP |
| Internal Auditor | RSM Risk Assurance Services LLP One London Square Cross Lanes Guildford Surrey GU1 1UN |
| Solicitors | Eversheds Sutherland (International) LLP Bridgewater Place Water Lane Leeds LS11 5DR Bates Wells & Braithwaite London LLP 10 Queen Street Place London EC4R 1BE Shakespeare Martineau No 1 Colmore Square Birmingham B4 6AA DX721090 Birmingham 43 |
| Actuary | Barnett Waddingham LLP Cheapside House 138 Cheapside London EC2V 6BW |

Capital City College Group

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023

Overview

This was the third and final year of the College's 2020 to 2023 strategic plan. All the previous years' work to raise standards was recognised by Ofsted which upgraded the group to 'Good' in all categories and 'Strong', the highest rating possible, for contribution to skills needs.

The College was praised by Ofsted for offering a "rich and challenging curriculum" that students enjoy, which enables them to gain "highly relevant knowledge and skills to help them progress" and noting that "learners and apprentices, no matter which campus they study at, or which course they are on, have a positive experience." Teachers were recognised for how they plan and teach the curriculum and use their "subject and industry expertise to good effect" to ensure "learners and apprentices gain highly relevant knowledge and skills to help them progress to their next steps.

During the year, the work to develop the Mayor of London's Skills Academies continued with a focus on:

- Green Skills
- Digital Skills
- Creative (Film and TV)
- Hospitality

Our CEO Roy O'Shaughnessy retired on 31st March 2023 and the Board subsequently awarded him an Honorary Fellowship in recognition of his exceptional contribution. Pablo Lloyd has since served as our Interim Chief Executive Officer and will hand over to the new Chief Executive, Angela Joyce, in January 2024.

During the year, the College incurred an operating deficit of £4.2m caused by continuing inflationary pressure on costs. After consolidating statutory reporting adjustments for pensions, the College reported a surplus of £9.7m for the year. The College continues to have a strong Balance Sheet and a healthy cash position without the need for borrowing. Our new strategic plan is now under review and will be finalised in 2024.

The financial statements are prepared on a consolidation basis and include Vspark CIC and Capital City College Enterprises Limited. Apprenticeship First Limited are excluded from the consolidated financial position reported.

OBJECTIVES AND STRATEGIES

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purposes of providing education and training, and its legal name as defined by this legislation is The WKCIC Group. It is an exempt charity for the purposes of Part 3 of the Charities Act 2011. 'The WKCIC Group' is known under its licensed trading name of the Capital City College Group (CCCG).

Capital City College Group is made up of:
Westminster Kingsway College
City and Islington College
College of Haringey, Enfield and North East London
Capital City College Training

Capital City College Group

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023

Mission, Vision, Strategy and Objectives

The College's purpose, as approved by the Corporation, is summarised in the Mission Statement, which states:

CCCG's mission - To inspire London's students and businesses with outstanding further and higher education and training which ensures their social and economic success.

The College is committed to providing a consistently good educational experience across its eleven campuses. Success in achieving this commitment is measured in a number of ways, but ultimately by the progression to further learning or the move to employment in careers which meet the students' aspirations. The resources made available for every part of our organisation, from Management Information Systems (MIS) to the condition of our facilities, is linked to the needs of our students. The College is fortunate to have staff whose passion is providing each learner with whatever it takes to bring out the best within them.

Resources

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

During the year the average staff headcount was 1,777 of which 760 were teaching staff.

The College enrolled 36,361 students. The College's student population includes 8,447 16 to 18-year-old students, 1,648 apprentices, 112 prescribed higher education students and 19,918 adult learners.

As at 31 July 2023, the College had £333 million (21/22: £322.6 million) of net assets. Tangible resources include sites in central London located in close proximity to key transport hubs at King's Cross, Victoria, Angel, Finsbury Park, Holloway, Soho, Regent's Park and Tottenham as well as a site in Enfield, North London.

The College has a strong reputation locally and nationally for a number of specialist areas, including Hospitality, Construction and Applied Science. A key strategic aim of the College over the next 12 to 18 months is to use this reputation to its best effect in meeting the objectives as stated within the London Mayor's Local Skills and Improvement Plan (LSIP). As the largest adult skills provider within London and with four of the five mayoral skills priorities delivered by the College via its academies, we are in a strong position to meet this aim.

Stakeholders

In line with other colleges and universities, the College has many stakeholders. These include:

- Students
- Staff
- Education sector funding bodies
- Local employers (with specific links)
- The Greater London Authority
- London Boroughs and other local authorities
- London Partnership Board
- The local community
- Other HE and FE institutions
- The trade unions for which Capital City College staff are members of the University and College Union, the National Education Union, Unison and GMB
- Professional bodies

In line with our strategic objectives the College devotes considerable senior staff time to strengthening stakeholder partnerships. This is essential if the College is to continue to meet the challenges faced by the FE sector and take advantage of the opportunities as they arise.

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STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023

Public Benefit

The College is an exempt Charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education to 36,361 students, including 397 students with high needs:

- Delivering high-quality teaching to our learners which challenges them to meet their potential.
- Delivering a flexible, relevant and responsive curriculum that meets the needs of learners, employers and government.
- Removing the barriers to accessing education for all: providing free education where possible, building appropriate provision for the local community and supporting those with low prior attainment or who have had a previously poor experience of education.
- Building sector-specific skills to improve learners' employment prospects in the highly competitive London labour market.
- Placing employer need, partnership and engagement at the heart of our curriculum development.
- Providing industry experts who teach with energy and passion for their sector and motivate students to be the best that they can be.
- Providing industry-standard equipment and facilities for our learners so they are prepared for the sectors they are preparing to work in.
- Developing our learners' enterprise and entrepreneurship skills so they can successfully launch new ventures.
- Providing high quality and practical careers advice and guidance to support our learners' progression to employment and further study.
- Having a robust professional development offer for all staff, including sector/industry exchanges, mentoring and secondments.

The College provides free education and training to students below the age of 19 and to adults up to level 2. Many of its level 3 courses are also provided free of charge to students above the age of 19; where this is not the case, loans are provided through the Student Loans Company, which are remitted if the student graduates at degree level.

The College adjusts its courses to meet the needs of local employers and provides training to 1,885 apprentices. The College is committed to providing information, advice and guidance to its students and to finding suitable courses for them regardless of their educational background.

DEVELOPMENT AND PERFORMANCE

Financial results

The College's operating deficit for 22/23 is £4.2m before the FRS102 pension adjustment.

The bottom-line operating position after the pension adjustment is a £9.7m surplus for the year (21/22 £82m surplus).

Capital City College Group

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023

The College set a break-even budget (before statutory reporting adjustments) for the financial year 22/23. During the year the College reforecast the 22/23 outturn as a £4.4m operating deficit due to continuing inflationary pressure on costs during the year. The College actual results are an operating deficit of £4.2m.

Within the Corporate Plan covering the period 20/21 to 22/23 the College has set clear key performance indicators to monitor its progress to be a financially sustainable organisation. Significant work has been undertaken in the year to enhance expenditure control and financial oversight of performance as well as to increase the regularity of reforecasting the financial projections of the College.

Cash flows and liquidity

A £10.4m net cash inflow from 22/23 operating activities (21/22 £2.5m). At 31 July 2023 the College held £26.3m (21/22 £22.5m) of cash and cash equivalents.

Destinations and Accolades

With positive destinations of c93.9%, the College supported 30,431 students into further education, university or work. 1,953 students have progressed on to study at university with c250 of them progressing to Russell Group universities.

Over the year, students and staff at all three of the Group's colleges have been recognised with success in regional and national awards along with many other notable successes. For example,

City and Islington College:

- 6th Form student Laura Forwood gained access to the University of Cambridge to study English after gaining three A*s in English Language and Literature, Fine Art and Graphic Communication and an A for her Extended Project Qualification (EPQ).
- 6th Form student Sean Voitov attained A* in Politics and Economics, an A in History and an A in his EPQ and has gone to the University of Birmingham to study Policy, Politics and Economics.
- Ellie Gavin, Veterinary Nursing Apprentices at the Centre for Applied Science (CAS) appeared in a Lantra article about her journey <https://www.lantra.co.uk/news-events/ncw-2023-ellies-career-path-is-purring-nicely>.
- Alina Bogdan who studied a National Diploma in IT at the Centre for Business Arts and Technology (CBAT) secured a role of Junior Associate at Yonder Consulting after completing a successful work placement with the company.
- 3 CBAT Creative Media students won two-week work placements at an award-winning animation studio after impressing with their own short films.
- Students from CANDI shared their views on education in Science and Engineering in the Islington Tribune and Camden New Journal Newspapers.
- CANDI Student Services took on the delivery of the Turing Scheme on behalf of the Group in 2022/23. 780 students made an expression of interest to apply to the Scheme. Two Turing mobilities were undertaken, both to South Korea at Easter 2023 and summer 2023. 56 students in total were successful in accessing these mobilities through a competitive application and interview process.
- An article written by three members of CANDI's Teaching and Learning Community (TLC) staff; Debbie Bogard, Neil Hart and Sam Hughes entitled 'Teacher-driven CPDL: A Teaching and Learning Community in Action' was published in Impact, the peer-reviewed journal of the Chartered College of Teaching.
- CANDI Nurseries continued to hold the Mayor of London's Healthy Early Years London Awards Bronze award at both nurseries in recognition of the work they do in Early Years for Children's Health and Well-being.

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STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023

- Former Sixth Form A level student Naomi Ackie was nominated for a BAFTA for her starring role in the Whitney Houston biopic: 'I Wanna Dance With Somebody'.

Westminster Kingsway College:

- Mayors Skills Academies launched in Creative Industries, Digital and Hospitality.
- Mayors Skills Quality Mark for Hospitality, Digital and Creative Industries.
- Dylan Patel, Compass Chef De Partie (CDP) apprentice won the national Multicultural Apprenticeship Award 2023 in the Retail, Hospitality and Tourism.
- Royal Academy of Culinary Arts (RACA) Commis chef apprentice Robin Borchard-Giwa won a place on the CCCG Turing Scheme. student mobility opportunity to South Korea.
- Past CDP apprentice in the final of Association of Pastry Chefs' (APC) Dessert of the Year competition.
- Past RACA apprentice, April Lily Partridge won 2023 Roux Scholarship Award.
- Current CDP apprentice Elycia Rayner made the Torque D'Or final.
- 2 recent apprentices, one from Hartwell House Ben Mabley and another from Scotts (Caprice Holdings) Joshua Singer through to the semi-finals of CGC National Chef of the Year 2023 Award.
- Part time L3 Patisserie learner, Charlotte Vickers won highly commended in the final of the Annual Awards of Excellence.
- Part time level 2 learner won first prize for the Felchin Chocolate Awards and won a 2-week trip to Switzerland to study chocolate.
- Two Compass learners – one commis chef and one CDP through to the semi-finals of the Compass Apprentice Chef of the Year Awards and Jess Miller won.
- Level 3 part time learner through to the final of the Craft Guild of Chefs (CGC) Graduate Awards, in pastry – received highest achiever award.
- Hotel, Restaurant and Catering (HRC) Apprenticeship Awards / part time team totalling Gold x, Silver x 16, Bronze x 5 and Certificate of Merit x 7.

College of Haringey, Enfield and North East London:

- The College won the Association of Colleges (AoC) national male basketball competition and also won the London region netball competition.
- An Enfield engineering learner completed and achieved her Performing Engineering Operations qualification last year and progressed into an apprenticeship with Yunex. In addition, this student was awarded two excellence awards for Railway Engineering learner of the year and an Executive Principal award for her achievements.
- The College won the Association of Colleges (AoC) national competition for Valorant, an e-sports game.
- One of our Level 3 Sport students who attends our prestigious Football Academy was selected for the Enfield Borough U18 team which won the FA Youth Cup 3rd Round.
- A learner showcased his exceptional leadership qualities and served as the captain of the college basketball team, leading them to secure the esteemed Association of Colleges (AoC) national champions trophy.
- Mature learner from Level 1 Health and Social care arrived to the UK as a refugee, has been in the UK for four months and has secured his first job as a domiciliary care assistant.
- Learner from Access to HE Diploma in Nursing secured a place at King's College London (KCL) to study Nursing.
- An Entry Level 3 adult ESOL learner from Poland who was studying for the last 2 has now fulfilled her dream of working in the NHS. She was so pleased to have got her job at Charing Cross Hospital that she sent us a picture of herself with her work colleagues.
- A learner who completed ESOL 16-18 Entry Level 3 did so well in improving her English that she has gone on this year to study GCSEs in 4 subjects as well as a vocational course in preparation for university.

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STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023

- As a result of completing the qualification, a learner from the PGCE programme has progressed from working as a trainer in the NHS to an HE lecturer at City of London University.
- Visionnaires Programme – A recent graduate from the Visionnaires Start Your Own Business course exhibited remarkable resilience and determination as she overcame numerous challenges on her entrepreneurial journey to now successfully launch her new business. She recently won the Visionnaire of the Year 2023 award.
- A learner, having progressed through our Supported Learning employment pathway, successfully completed our Supported Internship at North Middlesex University Hospital and was offered a job in the Medical Record department. He is now employed by the NHS.

Capital City College Training

- Gained new Multiply contract, mobilising at short notice and becoming one of the best providers in London, achieving full contract within the year and supporting more than 700 individual to improve their confidence in Maths.
- Hosted multiple overseas staff and students, improving their English, and demonstrating the UK educational system.
- Achieving the first National distinctions in Facilities Management apprenticeships, helping the career path for multiple apprentice.

Capital Investment

Tangible fixed asset additions during the year amounted to £7m. Additions related to estates refurbishment, ICT equipment purchases, infrastructure and network upgrades and general equipment purchases.

Reserves

The College had accumulated reserves of £333m including cash reserves of £26.3m. The College wishes to accumulate reserves and cash balances in order to support its estates strategy as well as support an ongoing sustainable financial position.

Sources of Income

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2022/23 the FE funding bodies provided 91% of the College's total income.

Group Companies

The College has two wholly owned subsidiary companies, Apprenticeships First Limited (AFL) and Capital City College Enterprises (CCCE).

The College has a 70% interest in VSpark CIC; Visionnaires supports diverse participants in their entrepreneurship and self-employment aspirations. The College also has a joint venture interest in 01 Founders, an innovative coding school training full stack software developers.

The financial statements are prepared on a consolidation basis and include Vspark CIC and Capital City College Enterprises Limited. Apprenticeship First Limited are excluded from the consolidated financial position reported.

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STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023

FUTURE PROSPECTS

Future Developments

The College will continue to focus on providing a consistently high learner experience across the College. The College is focused on its longer-term financial sustainability and ensuring the College is cohesive in all that it does, ensuring effective and efficient systems are in place. In addition, this, the College remains committed to its staff feeling supported and engaged. The College will continue to review its learning technologies in support of driving its quality of teaching and learning.

Group Vision and Mission

CCCG's vision - Transforming lives through exceptional education and training.

CCCG's mission - To inspire London's students and businesses with outstanding further and higher education and training which ensures their social and economic success.

Strategic Theme 1: Our Learners

Priority 1a: For our learners to be engaged, motivated and experience consistently high-quality education

Priority 1b: For our learners to compete effectively in London's workplace and meet the needs of London's employers

Strategic Theme 2: Our College

Priority 2a: To be a financially sustainable organisation

Priority 2c: To be a cohesive Group with effective and efficient systems

Priority 2b: To become sector leading in environmental sustainability

Strategic Theme 3: Our Colleagues

Priority 3a: To have a high performing and skilled staff team

Priority 3b: To ensure all staff feel included, supported and engaged

Treasury Policy and Objectives

The College has treasury management arrangements in place to manage cash flows, banking arrangements and money market transactions and the risks associated with those activities. All borrowing requires the authorisation of the Corporation. The College has no borrowings.

Reserves Policy

The College has implemented a reserves policy during the year which has been reviewed by the Audit Committee.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

The College has undertaken further work during the year to develop and embed the systems of internal financial and operational control, as well as risk management which is designed to protect the College's assets, reputation and financial stability. The Corporation has overall responsibility for risk management and internal controls, which

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023

is explained in the statement of governance.

The Group Leadership Team (GLT) is responsible for preparation of the risk register, undertaking a termly review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the GLT also considers any risks which may arise as a result of a new area of work being undertaken.

A risk register is reviewed on a termly basis and is overseen by the Audit Committee and also reviewed by the Corporation, and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to mitigate them. Risks are prioritised using a consistent scoring system.

The principal risks and uncertainties the College is focused on are:

| Principal Risk and Uncertainty | Mitigation |
|--|---|
| 1. Financial sustainability | Regular oversight of in year and forecast financial planning including cashflow monitoring |
| 2. Quality of educational delivery | Regular oversight of all key performance indicator reporting and continuous improvement plans |
| 3. Decline in learner numbers | Investment in marketing activity and close monitoring of enrolment activity and learner numbers |
| 4. Business continuity including cyber attacks | Disaster recovery testing and audit assurance reporting |
| 5. Industrial action | Continue to work with all Unions to implement resolutions to issues raised |

The controls and actions being taken to mitigate these risks and all other risks facing the College are provided in detail within the risk register.

KEY PERFORMANCE INDICATORS

The College has a number of key performance indicators which are subdivided into the following categories:

- Learner targets
- Financial objectives

The College's learner targets for 22/23 were:

| Key performance indicator | Planned | Actuals for 22/23 |
|-------------------------------|----------|-------------------|
| 16-18 Learner Numbers | 9,413 | 8,447 |
| Adult Education Budget income | £33,872k | £34,693k |
| Free Courses for Jobs income | £1,733k | £1,545k |
| Apprenticeships Income | £5,629k | £3,666k |

The shortfall in 16-18 learner numbers was a consequence of low recruitment, especially during August – September 2022. A higher proportion of learners stayed on at school instead of coming to college. We exceeded our Greater London Authority Adult Education Budget contract by 6.8%. However, only 3% of that will be funded. However, we fell short of the Free Courses for Jobs contracts and our apprenticeships were also down.

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STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023

Students continue to prosper at the College. Achievement rates (i.e. the number of achieved learning aims as a percentage of total learning aims) in 2022/23 were 89.1% for the Group, which was 2.4% higher than in 2021/22. Achievement rates for 16-18 year olds were 83.2% (+3.7%), and those for adults were 92.1% (+2.0%).

The College's financial key performance indicators for 22/23 were:

| KPIs for Strategic Theme 2 | 22/23 Actual | 23/23 Original Budget |
|------------------------------|---------------------|--------------------------|
| EBITDA | £6m | £9.2m |
| EBITDA as a % of Turnover | 4.9% | 7.4% |
| Operating Position / Surplus | -£4.2m | Break-even |
| ESFA Financial Health | Good to Outstanding | Outstanding |
| Liquidity | 4.0 | 2.0 |
| Cash Days in Hand | 97 | 96 |
| Gearing | nil | nil |
| Pay / Turnover % | 64% | 64% |
| | | |

The operating key performance indicators have not been delivered as a result of inflationary cost pressures during the year. The Balance Sheet key performance indicators have been achieved during the year.

The College measures its performance towards the above financial objectives within its monthly management accounts and reforecasting of the end of year financial outturn on a quarterly basis. The College regularly reviews its achievement against each of its funding contracts and the achievement rates of each programme.

The College is required to complete the annual College Financial Forecast Return for the Education and Skills Funding Agency (ESFA) which assesses the College's financial health. The last assessment for 21/22 has resulted in a rating of "Outstanding" at the end of the period.

At the last OFSTED Inspection the College was graded as Good.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations 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 per cent. During the accounting period 1st August 2022 to 31 July 2023, the College paid 84.96% of its invoices within 30 days. The primary causes of delays were missing or incorrect purchase order information on supplier invoices or no purchase order having been raised.

OTHER INFORMATION

Gender Pay Gap

The data presented below is based on data captured as at 31 March 2022:

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| | |
|-----------------------------|-------|
| Mean Gender Pay Gap | 7.87% |
| Median Gender Pay Gap | 4.57% |
| Mean Gender Bonus Pay Gap | 0% |
| Median Gender bonus Pay Gap | 0% |

The College employs 61.71% women and 38.29% men. Women make up the largest group of employees in the lowest pay quartile at 72.4% and also in the lower middle quartile at 56.9%. This trend continues in the top and upper middle quartiles with women representing 56.4% and 61.2% respectively.

The Group's mean gender pay gap remains below the national average of 13.9% and our median gender pay is less than the national median gender pay gap of 14.9%. We also compare favourably to the education sector (22.2% median and 16.1% mean).

We are committed to equal opportunities and equal treatment for all employees, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability. We continue to monitor our progress and specifically review the number of men and women:

- applying for jobs and being recruited;
- applying for and getting promotions;
- leaving our organisation and their reasons for leaving;
- in each role and pay band;
- working flexibly and their level within our organisation.

Equity Diversity and Inclusion (EDI) Statement

The College has an EDI Three Year Plan which can be viewed at <https://www.capitalccg.ac.uk/about-us/equality-diversity-and-inclusion>

Capital City College Group is committed to equity, diversity and inclusion in all our activities for everyone who learns and works here. We respect and value differences in age; disability (including mental health); sex; gender identity; race (which includes ethnic or national origins and caste); religion or belief; sexual orientation; marital or civil partnership; maternity and pregnancy; and economic and social background.

The College is a place where:

- Students are at the heart of all that we do
- All who learn and work here have the opportunity to participate fully and achieve their full potential
- Physical, social and economic barriers to access are minimised
- The environment is welcoming and supportive
- Teaching and learning are the key to our success
- All who work or study accept the responsibility to uphold equality and show fairness, courtesy and respect to others
- Compliance with all current equalities legislation in employment and provision of teaching and services and procurement

How We Show Our Commitment

We share a responsibility for upholding the College's values and as a community we will:

- Provide an environment which promotes and celebrates equity, diversity and inclusion and actively values and respects differences
- Ensure staff and students are equipped to recognise diversity and challenge discrimination
- Investigate all allegations of bullying, discrimination, harassment and victimisation sensitively

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STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023

- Monitor the curriculum and outcomes of learning to ensure they are free from discrimination and reflect the needs of the wider community we serve
- Monitor and evaluate the effectiveness of equity, diversity and inclusion policies, procedures and practices
- Work to ensure equality of access and the diversity of resources within the curriculum and the learning environment
- Face up to the challenge of improving year on year as an organisation with a strong track record in equity and one which listens to and values all its students and staff
- Aspire to excellence and ensure that quality and equity are the responsibility of all of us who learn and work here
- Work with suppliers who are committed to equity, diversity and inclusion

Disability Statement

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

- The College has appointed staff who provide information and advice, and arrange support where necessary for students with disabilities/learning difficulties.
- There is a range of specialist equipment, e.g. hearing loops which the College can make available for use by students alongside a range of assistive technology.
- Within the respective Admissions policy there are details on how to complain against a decision not to offer a place, linked to the Complaints policy.
- The College has appointed lecturers with specialisms to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a range of support for learning.
- There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- Specialist programmes are described in the College's prospectus, and achievements and destinations are recorded and published in the standard College format.
- Counselling and welfare services are described in each College's Student Guide, which are available to students together with details on the Complaints and Disciplinary Procedure which are covered as part of induction and at other times throughout the year.

Trade Union Facility Time

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

| | |
|---|------|
| Numbers of employees who were relevant trade union officials during the relevant period | FTE |
| 34 | 29.6 |

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 0% | 0 |
| 1-50% | 34 |
| 51-99% | 0 |
| 100% | 0 |

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| | |
|---|-------|
| Total cost of facility time | £143k |
| Total pay bill | £76m |
| Percentage of total bill spent on facility time | 0.2% |

| | |
|---|------|
| Time spent on paid trade union activities as a percentage of total paid facility time | 100% |
|---|------|

Going Concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Events after the end of the Reporting Period

Disclosure of Information to Auditors

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

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

DocuSigned by:

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.....
Alastair Da Costa
Chair

Date: 12/18/2023

Capital City College Group

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2023

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

The College endeavours to conduct its business:

- I. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- II. in accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and
- III. having due regard to the UK Corporate Governance Code 2014 insofar as it is applicable to the further education sector.

In the opinion of the Board, the College conducts itself in line with the provisions of the Code, and it has complied throughout the year ended 31 July 2023. This opinion is based on the self-assessment exercise that was carried out in August 2023 and reported to the Search and Governance Committee at its meeting in September 2023. The Board recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

The College is an exempt Charity within the scope of Part 3 of the Charities Act 2011. Board members, 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.

The Corporation

The members who serve on Capital City College Group Corporation up to the date of signature of this report are as listed in the table below.

| Name | Status of Appointment | Date of Appointment and re-appointment | Current Term of office | Date Term ends (or resignation if earlier) | Committees Served | Corporation meeting attendance rate 22/23 |
|------------------------------------|-----------------------|--|------------------------|--|--|---|
| Alastair Da Costa (<i>Chair</i>) | Independent | 20.7.16 11.7.18 26.05.22 | 3 years | 31.7.25 | Remuneration Search and Governance (Chair) | 100% |
| Sharon Saxton (Vice Chair) | Independent | 13.3.20 | 4 years | 13.3.24 | Remuneration (Chair) Search and Governance | 90% |
| Sanna Jordansson | Independent | 13.3.20 | 4 years | 13.3.24 | Search and Governance Audit | 80% |
| Anthony Smith | Independent | 20.7.16 11.7.18 31.7.20 25.5.23 | 3 years 1 year | 31.7.23 31.7.24 | Quality Oversight (Chair) | 100% |
| Amelia Sussman | Independent | 20.7.16 11.7.18 31.7.20 25.5.23 | 3 years 1 year | 31.7.23 31.7.24 | Quality Oversight Search and Governance | 70% |
| Chris Hyams | Independent | 10.7.19 25.5.23 | 4 years | 31.7.23 31.7.27 | Audit (Chair) | 80% |

Capital City College Group

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2023

| Name | Status of Appointment | Date of Appointment and re-appointment | Current Term of office | Date Term ends (or resignation if earlier) | Committees Served | Corporation meeting attendance rate 22/23 |
|---------------------|-----------------------|--|------------------------|--|--|---|
| Toyin Odutayo | Independent | 28.5.21 | 4 years | 1.4.25 | Audit Search and Governance | 80% |
| Asfa Sohail | Independent | 28.5.21 | 4 years | 1.4.25 | Quality Committee | 60% |
| Angela Herbert | Independent | 1.2.22 | 4 years | 1.2.26 | Quality Committee | 80% |
| Nicole Morgan | Independent | 1.2.22 | 4 years | 1.2.26 | Quality Committee Search and Governance Remuneration | 100% |
| Vincent Egunlae | Independent | 1.2.22 | 4 years | 1.2.26 | | 60% |
| Weiye Kou | Independent | 1.2.22 | 4 years | 1.2.26 | Audit Committee | 100% |
| Desmond Corlis | Staff | 15.12.20 | 2 years | 10.02.23 | Quality Oversight | 40% |
| Nana Brew | Staff | 25.05.23 | 2 years | 25.05.25 | Quality Oversight | 100% |
| Chanel Crooks | Student | 20.10.22 | 1 year | 31.8.23 | Quality Oversight | 29% |
| Susan Benhene-Ocrah | Student | 20.10.22 | 1 year | 31.8.23 | Quality Oversight | 43% |
| Roy O'Shaughnessy | Chief Executive | 1.9.18 | N/A | Ex officio (31.3.23) | | 80% |
| Pablo Lloyd | Chief Executive | 2.4.23 | N/A | Ex officio | | 75% |

Graham Drummond acts as Clerk to the Corporation.

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The maximum length of an appointment is four years, although members can be re-appointed if they continue to meet the skills needs of the Corporation.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, performance against quality targets and human resources matters. There were nine full board meetings during 2022/23.

The Corporation conducted its business through a number of committees. Each committee had terms of reference, which were approved by the Corporation. These committees were remuneration, search & governance, quality oversight and audit.

Minutes of board meetings are available at www.capitalccg.ac.uk, except those deemed to be confidential, or are available from the Clerk to the Corporation at:

Capital City College Group
Tottenham Centre, The College of Haringey, Enfield & North East London,
High Road, Tottenham, London, N15 4RU

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2023

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

All Board members are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole. Formal agendas, papers and reports are supplied to Board members in a timely manner, prior to meetings. Briefings are provided on an ad hoc basis.

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Board as a whole. The search and governance committee is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years. It is expected that no member shall serve more than eight years in total; however appointments longer than this will be considered if the Board believes that the member's skills and expertise would be difficult to replace.

Corporation performance

The Board carried out a self-assessment of its own performance for the year ended 31 July 2023; the process involved the completion of individual questionnaires by Board members and the outcome was summarised in a report considered by the Search and Governance Committee at its meeting on 2nd October 2023. A full external review of governance was carried out by the Education and Training Foundation in March 2021. A copy of this review and the associated action plan can found at www.capitalccg.ac.uk/governance

Training

The Board has made the Education and Training Foundation's (ETF) governance development programme available to governors during the year. Two governors attended the ETF's 'Chair's of the Future' residential programme on 5th and 6th December 2022. The Board received training on the London Skills Strategy from the Greater London Authority's Director of Skills and Employment at its workshop in January 2023. The clerk is a member of the AoC London network which meets bi-monthly and attends training events as when necessary.

Remuneration Committee

Throughout the year ended 31 July 2023 the College's Remuneration Committee comprised of the Chair, four board members and two co-opted members. The Committee's responsibilities are to make decisions on behalf of the Board on the remuneration and benefits of the Accounting Officer and other senior postholders.

The Corporation adheres to the AoC's Senior Remuneration Code and in line with this code an annual report on senior pay was considered by the committee at its meeting on 30th November 2022. Details of remuneration for the year ended 31 July 2023 are set out in Note 9 of the financial statements.

Capital City College Group

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2023

Audit Committee

The Audit Committee comprises of four members of the Corporation (excluding the Chief Executive) and two co-opted members. The membership during the year was as follows:

- Chris Hyams (attended 4 out of 4 possible)
- Sanna Jordansson (attended 4 out of 4 possible)
- Toyin Odutayo (attended 3 out of 4 possible)
- Paul McLoughlin (attended 4 out of 4 possible)
- Weiye Kou (attended 3 out of 4 possible)
- Ellen Lee (attended 2 out of 2 possible)

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

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

Management is responsible for the timely implementation of agreed audit recommendations, the completion of which are confirmed to the Audit Committee by the internal audit service. The completion of the recommendations is tracked by the Audit Committee.

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

The Quality Oversight Committee

The Quality Oversight Committee comprises of six board members (including the staff member) and three co-opted members. The student board members also sit on this committee. Its role is to scrutinise and monitor the educational performance of the College.

At its meeting in November the college self-assessment report is considered and validated by the committee. The ensuing quality improvement plans are reported at each meeting and the committee holds the senior executive team to account for ensuring that effective action plans are put in place to address areas for improvement. The committee also serves as a forum to hear and act upon the student voice.

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which members of the Corporation are responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum between the College and the funding bodies. The Chief Executive is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2023

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ended 31 July 2023 and up to the date of approval of the annual report and accounts.

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 Board
- regular reviews by the Board of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance indicators
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

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

Risks faced by the corporation

In line with the Corporation's risk management policy, risks are identified by the Group Leadership Team (GLT) and included within a register which is reported to the Audit Committee as a standing item at each meeting. The Audit Committee evaluates these risks and seeks assurances from the executive team that sufficient mitigation is in place to minimise the likelihood of their impact. The risk register is reported termly to the Board and the committee highlights any risks of key concern as it deems appropriate, throughout the year.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2023

Control weaknesses identified

The following internal audits were undertaken during 2022/23 :

- Budgeting and Forecasting
- Governance
- HR – Sickness Absence and Monitoring
- Procurement
- Estates Management
- HR – Contracting and Pay Policy
- Learner Number Systems
- Subcontracting
- Follow Up

There were no internal audits reported to the audit committee that highlighted significant control weaknesses. All internal audit reports received a reasonable assurance grading except the sickness report receiving a partial assurance grading. Two high priority recommendations were made regarding the consistent filing of all sickness records in employee files and ensuring a streamlined approach across the group for return to work processes. Both recommendations have been actioned by management.

Responsibilities under funding agreements

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

Statement from the Audit Committee

The audit committee has advised the Board of Governors that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place.

In previous years a key area of concern has been the number of unresolved recommendations (particularly from the internal audit service) and an additional, special meeting has been arranged in February to monitor the resolution of recommendations. There has been considerable improvement in this regard, for example at the committee's meeting in March only four recommendations were noted as being unresolved and being past their planned implementation date, none of which were of a high priority.

The committee has delegated responsibility for Health and Safety. With the Director of Health and Safety leaving the organisation in December, the focus for the year has been to ensure that there is sufficient staffing in place to provide the required assistance to staff in their responsibility of keeping students safe, and that regulations are complied with.

At its meeting in October 2022 the Audit Committee expressed concern about the College's approach to business continuity and crisis management, with particular reference to a project meeting which had taken place in November 2021 at which 16 unresolved recommendations had been noted. The committee also asked the management of the College's IT infrastructure and service should be included within the plan. At its meeting in March 2023 a revised business continuity plan was considered and assurance was received and accepted by members that all previous recommendations had been addressed. Ongoing updates have been received by the committee at its June and October meetings with respect to communication of the plan and the testing of it by the senior team.

Capital City College Group

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2023

The Committee also receives an annual report on cyber security. With the increase in the number of ransomware attacks across the education sector, members have been content with the College's approach to ensuring the safety of staff and students' personal data and are supportive of the systematic approach being adopted with respect to penetration testing. The Committee intends to continue monitoring this.

Review of effectiveness

As Accounting Officer, the Chief Executive is responsible for reviewing the effectiveness of the system of internal control.

The Accounting Officer has been advised on the implications of the result of his 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 Group Leadership Team (GLT) and the Audit Committee receive reports from the internal audit service and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes an annual item for consideration of risk and control and it receives reports thereon from the Audit Committee.

At its December 2023 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the GLT and internal audit, and taking account of events since 31 July 2023.

The Corporation accepts the Audit Committee's opinion that the College has an adequate and effective framework for governance, risk management and control; and has fulfilled its statutory responsibility for *"the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets"*.

Going concern

The Corporation of The WKCIC Group confirms that the College believes it will be able to continue in operation and meet its liabilities taking account of the current position and principal risks for at least the next twelve months and the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

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

DocuSigned by:

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Alastair Da Costa
Chair

Date: 12/18/2023

DocuSigned by:

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Pablo Lloyd
Chief Executive and Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 JULY 2023

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.


Pablo Lloyd
Interim Group Chief Executive and Accounting Officer
Date: 12/19/2023

Statement of the Chair of Governors

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


Alastair Da Costa
Chair
Date: 12/18/2023

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2023

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

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

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

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

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

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

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

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

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

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION
FOR THE YEAR ENDED 31 JULY 2023

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

DocuSigned by:
Alastair Da Costa
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.....
Alastair Da Costa

Chair
Date: 12/18/2023

Capital City College Group

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNORS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2023

We have audited the financial statements of the Corporation of Capital City College (the 'College') and its subsidiaries (the 'Group') for the year ended 31 July 2023 which comprise the Consolidated and College Statements of Comprehensive Income, the Consolidated and College Statements of Changes in Reserves, the Group and College Balance Sheets, the Consolidated Statement of Cash Flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2023 the Group's and College's income over expenditure for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, UK GAAP and the current College Accounts Direction.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Capital City College Group

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNORS OF THE CORPORATION (continued) FOR THE YEAR ENDED 31 JULY 2023

Matters on which we are required to report by exception

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

Opinions on other matters prescribed in the Office for Students' Accounts Direction (OfS 2019.41)

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, if relevant, managed in accordance with relevant legislation;
- funds provided by the Office for Students and the Education and Skills Funding Agency have been applied in accordance with the relevant terms and conditions.
- The requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

Under the Office for Students' Accounts Direction, we are required to report to you, if we have anything to report in respect of the following matters:

- The College's grant and fee income, as disclosed in note number 4 to 6 to the financial statements, has been materially misstated; or
- The College's expenditure on access and participation activities for the financial year, as disclosed in note number 10 to the financial statements, has been materially misstated

We have no matters to report arising from this responsibility.

Responsibilities of the Governing Body

As explained more fully in the Statement of Corporation Responsibilities, the Members of the Governing Body are 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 Governing Body 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 Governing Body is responsible for assessing the Group's and the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Body either intends to liquidate the Group or the College or to cease operations, or have no realistic alternative but to do so.

Auditor 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.

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNORS OF THE CORPORATION (continued) FOR THE YEAR ENDED 31 JULY 2023

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:

- Obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Group operates in and how the Group is complying with the legal and regulatory frameworks;
- Enquiry of management and those charged with governance to identify any instances of known or suspected instances of fraud;
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of College staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness;
- Evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

MHA
Chartered Accountants and Registered Auditor
London, United Kingdom

DocuSigned by:

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Date: 12/20/2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Capital City College Group

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY

FOR THE YEAR ENDED 31 JULY 2023

To: The corporation of Capital City College Group and Secretary of State for Education, acting through Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 25 November 2022 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Capital City College Group during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of Capital City College Group and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY (continued) FOR THE YEAR ENDED 31 JULY 2023

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;
- Further testing and review of self-assessment questionnaire including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

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 2022 to 31 July 2023 has not been applied to purposes intended by Parliament, that the financial transactions do not conform to the authorities that govern them.

MHA

Chartered Accountants and Registered Auditor
London, United Kingdom

DocuSigned by:

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Date: 12/20/2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Capital City College Group

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2023

| | Note | Unrestricted funds 2023 £000 | Total funds 2023 £000 | Total funds 2022 £000 |
|--|------|---------------------------------------|--------------------------------|--------------------------------|
| Income from: | | | | |
| Funding body grants | 4 | 103,644 | 103,644 | 99,449 |
| Tuition fees and educational contracts | 5 | 11,059 | 11,059 | 11,530 |
| Other grants and contracts | 6 | 6,352 | 6,352 | 2,622 |
| Investment income | 7 | 667 | 667 | 2 |
| Other income | 8 | 1,763 | 1,763 | 2,508 |
| Total income | | 123,485 | 123,485 | 116,111 |
| Expenditure on: | | | | |
| Staff costs | 9 | 82,936 | 82,936 | 81,227 |
| Other operating expenses | 10 | 38,839 | 38,839 | 36,109 |
| Depreciation | 13 | 9,584 | 9,584 | 8,949 |
| Interest and other finance costs | 11 | 546 | 546 | 1,773 |
| Total expenditure | | 131,905 | 131,905 | 128,058 |
| Net expenditure before net gains on investments | | (8,420) | (8,420) | (11,947) |
| Actuarial gain/(loss) in respect of enhanced pensions | | 90 | 90 | 143 |
| Net expenditure | | (8,330) | (8,330) | (11,804) |
| Consolidation of Capital City College Enterprises | | (192) | (192) | - |
| Deficit for the year | | (8,522) | (8,522) | (11,804) |
| Actuarial gain/(loss) in respect of pension schemes | 26 | 18,249 | 18,249 | 93,734 |
| Total comprehensive expenditure for the year | | 9,727 | 9,727 | 81,930 |
| Represented by: | | | | |
| Total funds brought forward | | 322,836 | 322,836 | 240,906 |
| Total comprehensive expenditure for the year | | 9,727 | 9,727 | 81,930 |
| Total funds carried forward | | 332,563 | 332,563 | 322,836 |

The Statement of Comprehensive Income and Expenditure includes all gains and losses recognised in the year.

All income and expenditure derives from continuing activities.

The notes on pages 37 to 75 form part of these financial statements.

Capital City College Group

CONSOLIDATED AND CORPORATION STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2023

| | Income and Expenditure account | Revaluation reserve | Total |
|--|--------------------------------------|------------------------|----------------|
| | £'000 | £'000 | £'000 |
| Group | | | |
| Balance at 1st August 2021 | 32,464 | 208,442 | 240,906 |
| Comprehensive income for the year | | | |
| Surplus/ (deficit) from the income and expenditure account | (11,947) | - | (11,947) |
| Other comprehensive income for the year | | | |
| Actuarial losses in respect of pension schemes | 93,877 | - | 93,877 |
| Balance at 31st July 2022 | 114,394 | 208,442 | 322,836 |
| Balance at 1st August 2022 | 114,394 | 208,442 | 322,836 |
| Consolidation of Capital City College Enterprises | (192) | - | (192) |
| Comprehensive income for the year | | | |
| Surplus/ (deficit) from the income and expenditure account | (8,420) | - | (8,420) |
| Other comprehensive income for the year | | | |
| Actuarial gains in respect of pension schemes | 18,339 | - | 18,339 |
| Balance at 31st July 2023 | 124,121 | 208,442 | 332,563 |
| Corporation | | | |
| Balance at 1st August 2021 | 32,464 | 208,442 | 240,906 |
| Comprehensive income for the year | | | |
| Surplus/ (deficit) from the income and expenditure account | (11,997) | - | (11,997) |
| Other comprehensive income for the year | | | |
| Actuarial losses in respect of pension schemes | 93,877 | - | 93,877 |
| Balance at 31st July 2022 | 114,344 | 208,442 | 322,786 |
| Balance at 1st August 2022 | 114,344 | 208,442 | 322,786 |
| Comprehensive income for the year | | | |
| Surplus/ (deficit) from the income and expenditure account | (8,385) | - | (8,385) |
| Other comprehensive income for the year | | | |
| Actuarial gains in respect of pension schemes | 18,339 | - | 18,339 |
| Balance at 31st July 2023 | 124,298 | 208,442 | 332,740 |

The accompanying notes form part of the financial statements.

Capital City College Group

CAPITAL CITY COLLEGE GROUP
REGISTERED NUMBER:

CONSOLIDATED BALANCE SHEET AS AT 31 JULY 2023

| | Note | 2023 £000 | 2023 £000 | 2022 £000 | 2022 £000 |
|---|------|---------------|----------------|---------------|----------------|
| Fixed assets | | | | | |
| Tangible assets | 13 | | 351,498 | | 354,016 |
| Investments | 15 | | 553 | | 553 |
| Investment property | 14 | | 1,600 | | 1,600 |
| | | | 353,651 | | 356,169 |
| Current assets | | | | | |
| Trade and other receivables | 16 | 5,020 | | 4,622 | |
| Investments | 17 | 4,610 | | 4,514 | |
| Cash and cash equivalents | 22 | 26,550 | | 22,649 | |
| | | 36,180 | | 31,785 | |
| Creditors: amounts falling due within one year | 18 | (11,701) | | (10,905) | |
| Net current assets | | | 24,479 | | 20,880 |
| Total assets less current liabilities | | | 378,130 | | 377,049 |
| Creditors: amounts falling due after more than one year | 19 | | (44,810) | | (39,033) |
| Provisions for liabilities | 20 | | (757) | | (892) |
| Net assets excluding pension asset / (liability) | | | 332,563 | | 337,124 |
| Defined benefit pension scheme asset / (liability) | 26 | | - | | (14,288) |
| Total net assets | | | 332,563 | | 322,836 |
| Corporation reserves | | | | | |
| Unrestricted funds | | | | | |
| General funds | | 124,121 | | 114,394 | |
| Revaluation reserve | | 208,442 | | 208,442 | |
| Total unrestricted funds | | | 332,563 | | 322,836 |
| Total funds | | | 332,563 | | 322,836 |

Capital City College Group

CAPITAL CITY COLLEGE GROUP
REGISTERED NUMBER:

CONSOLIDATED BALANCE SHEET (CONTINUED) AS AT 31 JULY 2023

The financial statements were approved and authorised for issue by the Governors and signed on their behalf by:

DocuSigned by:

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Alastair Da Costa

Chair

Date: 12/18/2023

The notes on pages 37 to 75 form part of these financial statements.

Capital City College Group

CAPITAL CITY COLLEGE GROUP
REGISTERED NUMBER:

CORPORATION BALANCE SHEET AS AT 31 JULY 2023

| | Note | 2023 £000 | 2023 £000 | 2022 £000 | 2022 £000 |
|---|------|----------------|----------------|----------------|----------------|
| Fixed assets | | | | | |
| Tangible assets | 13 | | 351,498 | | 354,016 |
| Investments | 15 | | 553 | | 553 |
| Investment property | 14 | | 1,600 | | 1,600 |
| | | | 353,651 | | 356,169 |
| Current assets | | | | | |
| Trade and other receivables | 16 | 5,375 | | 4,564 | |
| Investments | 17 | 4,610 | | 4,514 | |
| Cash at bank and in hand | | 26,343 | | 22,599 | |
| | | 36,328 | | 31,677 | |
| Creditors: Amounts falling due within one year | 18 | (11,672) | | (10,847) | |
| Net current assets | | | 24,656 | | 20,830 |
| Total assets less current liabilities | | | 378,307 | | 376,999 |
| Creditors: Amounts falling due after more than one year | 19 | | (44,810) | | (39,033) |
| Provisions for liabilities | | | (757) | | (892) |
| Net assets excluding pension asset / (liability) | | | 332,740 | | 337,074 |
| Defined benefit pension scheme asset / (liability) | 26 | | - | | (14,288) |
| Total net assets | | | 332,740 | | 322,786 |
| Charity funds | | | | | |
| Unrestricted funds | | | | | |
| General funds | | 124,298 | | 128,632 | |
| Revaluation reserve | | 208,442 | | 208,442 | |
| | | 332,740 | | 337,074 | |
| Unrestricted funds excluding pension asset | | | | | |
| Pension reserve | | - | | (14,288) | |
| | | 332,740 | | 322,786 | |
| Total unrestricted funds | | | 332,740 | | 322,786 |
| Total funds | | | 332,740 | | 322,786 |

Capital City College Group

CORPORATION BALANCE SHEET (CONTINUED)
AS AT 31 JULY 2023

The Corporation's net movement in funds for the year was £9,954m (2022 - £(9.722m)).

The Governors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Governors and signed on their behalf by:

DocuSigned by:

.....8AAEEED1AC9B4B8...
Alastair Da Costa
Chair
Date: 12/18/2023

The notes on pages 37 to 75 form part of these financial statements.

Capital City College Group

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2023

| | Note | 2023 £000 | 2022 £000 |
|--|------|----------------|---------------|
| Cash flows from operating activities | | | |
| Net cash used in operating activities | 21 | 10,492 | 2,457 |
| Cash flows from investing activities | | | |
| Investment income | 7 | 667 | 2 |
| Proceeds from the sale of tangible fixed assets | | - | 10,525 |
| Consolidation of Capital City College Enterprises | | (192) | - |
| Payments to acquire investments | 15 | - | (500) |
| Payments made to acquire tangible fixed assets | 13 | (7,066) | (8,446) |
| Disposal of assets held for resale | 14 | - | 743 |
| Net cash (used in)/provided by investing activities | | (6,591) | 2,324 |
| Change in cash and cash equivalents in the year | | 3,901 | 4,781 |
| Cash and cash equivalents at the beginning of the year | | 22,649 | 17,868 |
| Cash and cash equivalents at the end of the year | 22 | 26,550 | 22,649 |

The notes on pages 37 to 75 form part of these financial statements

Capital City College Group

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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 2021 to 2022 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102).

The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

The Corporation has one wholly owned subsidiary and one 70% owned subsidiary; the subsidiaries are material to the Corporation's financial statements and have therefore been consolidated. The Corporation also has one additional wholly owned subsidiary and participates in two joint ventures which are not material to the group so have therefore not been consolidated. In accordance with FRS 102, the activities of the student union have not been consolidated because the Corporation does not control those activities.

The financial statements are presented in sterling which is the functional currency of the Corporation and rounded to the nearest thousand pound.

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

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The Consolidated Statement of Financial Activities (SOFA) and Consolidated Balance Sheet consolidate the financial statements of the Corporation and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Corporation has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Financial Activities in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

2. Accounting policies (continued)

2.2 Going concern

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

At 31 July 2023, Capital City College Group had £31.2m of cash at bank and current asset investments. The Corporation's forecasts and financial projections indicate that it will be able to operate for the foreseeable future.

The Governors have assessed the use of going concern and have considered possible events or conditions that might cast significant doubt on the ability of the Corporation to continue as a going concern. The Governors have made this assessment for a period of at least one year from the date of the approval of these financial statements. The Governors have concluded that there is a reasonable expectation that the Corporation has adequate resources to continue in operational existence for the foreseeable future. The Corporation therefore continues to adopt the going concern basis in preparing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

2. Accounting policies (continued)

2.3 Income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from the Office for Students (OfS) represents the funding allocations attributable to the current financial year and is credited directly to the Statement of Comprehensive Income.

Grants from non-government sources are recognised in income when the Corporation is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as the conditions are met.

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the Corporation is entitled to the funds subject to any performance related conditions being met.

Fee income

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

Investment income

All income from short-term deposits is credited to the Statement of Comprehensive Income and Expenditure in the period in which it is earned on a receivable basis.

2.4 Short-term employment benefits

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

The Corporation utilises salary sacrifice arrangements in relation to the cycle to work and childcare voucher schemes. These benefits are accounted for as they arise, as the liability remains with the employee rather than the Corporation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

2. Accounting policies (continued)

2.5 Redundancy and termination payments

Redundancy and termination payments are recognised immediately upon becoming a constructive obligation.

2.6 Enhanced pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the Corporation monthly. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the Corporation's Statement of Comprehensive Income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the Balance Sheet using the enhanced pension spreadsheet provided by the ESFA.

2.7 Taxation

The Corporation is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Corporation is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Corporation is partially exempt in respect of Value Added Tax, so that it can only recover around 1% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

2. Accounting policies (continued)

2.8 Tangible fixed assets and depreciation

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

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

Land and buildings

Freehold land is not depreciated as it is considered to have an infinite useful 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 income account within creditors, and are released to the Statement of Comprehensive Income over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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

On adoption of FRS 102, the College followed the transitional provision to revalue its land assets, at fair value, but not to adopt a policy of revaluations of these assets in the future. Building assets were retained at book value. Building assets were previously revalued in 1994, at depreciated replacement cost.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2023. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

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

Plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

2. Accounting policies (continued)

2.8 Tangible fixed assets and depreciation (continued)

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

| | |
|--|------------------------|
| Freehold land and buildings | - 50 years |
| Long-term leasehold land and buildings | - 50 years |
| Plant and equipment | - 5 to 20 years |
| Motor vehicles | - 20% reducing balance |

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

2.9 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. Any lease premiums or incentives relating to leases signed after 1 August 2014 are spread over the minimum lease term.

2.10 Investments

Investment properties owned but not used within the Corporation's business are considered investment properties. Investment properties are measured at fair value at each Balance Sheet date with any movement recognised in Comprehensive Income.

Investments in subsidiaries are valued at cost less provision for impairment.

Investments in associates are stated at the amount of the Group's share of net assets. The Consolidated Statement of Financial Activities includes the Group's share of the associated companies' net income or expenditure using the equity accounting basis.

Investments in joint ventures are stated at the amount of the Group's share of net assets. The Consolidated Statement of Financial Activities includes the Group's share of the joint ventures' net income or expenditure using the equity accounting basis.

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in comprehensive income.

2.11 Trade and other receivables

Trade and other receivables are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

2. Accounting policies (continued)

2.12 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 a maturity of 3 months or less from the date of acquisition.

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

2.14 Foreign currency translation

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

2. Accounting policies (continued)

2.15 Provisions and contingent liabilities

Provisions are recognised when:

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a discount rate. The unwinding of the discount is recognised as a finance cost in the Statement of Comprehensive Income in the period it arises.

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

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in the Notes to the financial statements.

The only provisions recognised by the Corporation in its Financial Statements are the defined benefit obligations, arising under the Local Government Pension Scheme, and the enhanced pension benefit obligations, arising from the Teachers' Pension Scheme.

2.16 Agency arrangements

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

2.17 Financial instruments

The Corporation only holds basic Financial Instruments. The financial assets and financial liabilities of the School are as follows:

Debtors – trade and other debtors (including accrued income) are basic financial instruments and are debt instruments measured at amortised cost as detailed in Note 16. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Liabilities – trade creditors, accruals, other creditors and bank loans will be classified as financial instruments, and are measured at amortised cost as detailed in Notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure. Deferred income is not deemed to be a financial liability, as in the cash settlement has already taken place and there is simply an obligation to deliver charitable services rather than cash or another financial instrument.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

2. Accounting policies (continued)

2.18 Pensions

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

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the Corporation 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 is unable to identify the share of its underlying assets and liabilities between employers. As a consequence the Corporation is unable 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.

Local Government Pension Scheme (LGPS)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

2. Accounting policies (continued)

2.19 Accounting for post-employment benefits

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

At the year end, the initial actuarial report from the Scheme Actuary reported a net pension asset of £22.726m. When the Scheme gives rise to a potential asset position, the Governors are required to assess the basis for recognising an asset on the balance sheet against the FRS102 criteria, this being "An entity shall recognise the plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or refunds from the plan." In using the word "shall", the emphasis is placed upon the College to consider the value of such an asset, rather than whether an asset should be recognised in the first instance. Accordingly, the College has considered the value at which they can benefit from either (1) refunds from the plan or (2) reduced contributions. As the College intends to continue to participate in the LGPS, the likelihood of a refund being due from the Scheme has been deemed as remote and not practically achievable. Secondly, the College has undertaken an exercise to assess the Minimum Fund Requirement (MFR) due to the Scheme in order to calculate the net present value of the asset which will be the value of a perpetuity of the future service cost minus the present value of the employer contributions. The outcome of this calculation has shown that the College is unlikely to gain economic benefit from a reduction in future contributions.

Accordingly, the college has made an impairment charge on the asset reducing the net position at the year ended 31 July 2023 to £Nil. Therefore, no defined benefit pension asset has been included in the financial statements.

2.20 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Governors in furtherance of the general objectives of the Group and which have not been designated for other purposes.

Investment income, gains and losses are allocated to the appropriate fund.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

3. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

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

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

Other key sources of estimation uncertainty

- **Tangible fixed assets**

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing 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.

- **Local Government Pensions Scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost 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 2019 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Given that an asset has been recognised, an impairment review has been undertaken. Please see accounting policy note 2.19 and Note 26 for more details.

- **Provision for doubtful debts**

Debts arising from trading activities are provided for on the basis that a proportion, between 10% and 100% dependent on debt age, of those debts not funded through Student Loans Company loan agreements may ultimately not be collected.

Capital City College Group

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

4. Funding body grants

| | Unrestricted funds 2023 £000 | Total funds 2023 £000 |
|---|---|--|
| Recurrent grants | | |
| Education and Skills Funding Agency and Greater London Authority - adult education budget | 34,802 | 34,802 |
| Education and Skills Funding Agency - 16-18 | 60,534 | 60,534 |
| Education and Skills Funding Agency - apprenticeships | 3,428 | 3,428 |
| Office for students | 43 | 43 |
| Specific grants | | |
| Education and Skills Funding Agency | 537 | 537 |
| Teachers Pension Scheme contribution grant | 2,635 | 2,635 |
| Releases of government capital grants | 1,665 | 1,665 |
| | 103,644 | 103,644 |

| | <i>Unrestricted funds 2022 £000</i> | <i>Total funds 2022 £000</i> |
|---|---|--|
| Recurrent grants | | |
| Education and Skills Funding Agency and Greater London Authority - adult education budget | 34,658 | 34,658 |
| Education and Skills Funding Agency - 16-18 | 57,072 | 57,072 |
| Education and Skills Funding Agency - apprenticeships | 3,783 | 3,783 |
| Office for students | 24 | 24 |
| Specific grants | | |
| Education and Skills Funding Agency | 57 | 57 |
| Teachers Pension Scheme contribution grant | 2,253 | 2,253 |
| Releases of government capital grants | 1,602 | 1,602 |
| | 99,449 | 99,449 |

Higher education income, which relates to level 4 courses and above, is further analysed in the table below:

| | 2023 £000 | 2022 £000 |
|-----------------------|----------------------|----------------------|
| Grant income from Ofs | 43 | 24 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

5. Tuition fees and education contracts

| | Unrestricted funds 2023 £000 | Total funds 2023 £000 |
|--------------------------------------|---|--|
| Adult education fees | 1,604 | 1,604 |
| Apprenticeship fees and contracts | - | - |
| Fees for FE loan supported contracts | 725 | 725 |
| Fees for HE loan supported contracts | 1,262 | 1,262 |
| Total tuition fees | 3,591 | 3,591 |
| Education contracts | 7,468 | 7,468 |
| Total 2023 | 11,059 | 11,059 |
| | | |
| | <i>Unrestricted funds 2022 £000</i> | <i>Total funds 2022 £000</i> |
| Adult education fees | 1,740 | 1,740 |
| Apprenticeship fees and contracts | 22 | 22 |
| Fees for FE loan supported contracts | 1,711 | 1,711 |
| Fees for HE loan supported contracts | 1,342 | 1,342 |
| Total tuition fees | 4,815 | 4,815 |
| Education contracts | 6,715 | 6,715 |
| <i>Total 2022</i> | <i>11,537</i> | <i>11,537</i> |

Capital City College Group

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

6. Other grants and contracts

| | Unrestricted funds 2023 £000 | Total funds 2023 £000 |
|----------------------------|---|--|
| European Commission | 2,832 | 2,832 |
| Other grants and contracts | 3,520 | 3,520 |
| Total 2023 | 6,352 | 6,352 |
| | | |
| | <i>Unrestricted funds 2022 £000</i> | <i>Total funds 2022 £000</i> |
| European Commission | 2,585 | 2,585 |
| Other grants and contracts | 37 | 37 |
| <i>Total 2022</i> | <i>2,622</i> | <i>2,622</i> |

Capital City College Group

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

7. Investment income

| | Unrestricted funds 2023 £000 | Total funds 2023 £000 |
|--------------------------|---|--|
| Bank interest receivable | 664 | 664 |
| Other investment income | 3 | 3 |
| | <hr/> | <hr/> |
| | 667 | 667 |
| | <hr/> | <hr/> |
| | <i>Unrestricted funds 2022 £000</i> | <i>Total funds 2022 £000</i> |
| Other investment income | 2 | 2 |
| | <hr/> | <hr/> |

Capital City College Group

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

8. Other income

| | Unrestricted funds 2023 £000 | Total funds 2023 £000 |
|------------------------------------|---|--|
| Catering and residences | 919 | 919 |
| Other income generating activities | 427 | 427 |
| Miscellaneous income | 417 | 417 |
| Total 2023 | 1,763 | 1,763 |

| | <i>Unrestricted funds 2022 £000</i> | <i>Total funds 2022 £000</i> |
|------------------------------------|---|--|
| Catering and residences | 717 | 717 |
| Other income generating activities | 580 | 580 |
| Nursery fees | 354 | 354 |
| Miscellaneous income | 855 | 855 |
| COVID-19 testing reclaim | 2 | 2 |
| <i>Total 2022</i> | <i>2,508</i> | <i>2,508</i> |

Capital City College Group

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

9. Staff costs

| | Group 2023 £000 | <i>Group 2022 £000</i> | Corporation 2023 £000 | <i>Corporation 2022 £000</i> |
|---------------------------------------|--------------------------------|--------------------------------|--------------------------------------|--------------------------------------|
| Wages and salaries | 57,705 | 52,702 | 57,705 | 52,702 |
| Social security costs | 6,343 | 5,736 | 6,343 | 5,736 |
| Pension costs | 13,164 | 16,758 | 13,164 | 16,758 |
| | 77,212 | 75,196 | 77,212 | 75,196 |
| Contracted out staffing services | 4,398 | 5,271 | 4,398 | 5,271 |
| Restructuring costs - Contractual | 1,310 | 685 | 1,310 | 685 |
| Restructuring costs - Non-contractual | 16 | 75 | 16 | 75 |
| | 82,936 | 81,227 | 82,936 | 81,227 |

The Corporation runs a childcare voucher and a cycle to work scheme using salary sacrifice arrangements.

| Severance Banding £ | Contractual redundancy payments 2023 | Non-Contractual redundancy payments 2023 |
|--------------------------------|---|---|
| £1 to £25,000 | 115 | 1 |
| £25,001 - £50,000 | 9 | - |
| £50,001 - £75,000 | 2 | - |
| Total | 126 | 126 |

There was one special severance payment (ex gratia) for the value of £16,000 (2022 - £NIL) in the year.

The average number of persons (including Key Management Personnel) employed by the Corporation during the year, described as headcount, was:

| | Group 2023 No. | <i>Group 2022 No.</i> |
|--------------------|-------------------------------|-------------------------------|
| Teaching staff | 760 | 716 |
| Non teaching staff | 1,017 | 996 |
| | 1,777 | 1,712 |

Capital City College Group

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

9. Staff costs (continued)

Key Management Personnel

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation.

Staff costs include compensation paid to Key Management Personnel for loss of office.

Key Management Personnel was represented by the Group Leadership Team (GLT) which comprises:

| Name | Job Title |
|----------------------|--|
| Amanda Cowley | Chief People Officer (resigned 31 October 2022) |
| Colleen Marshall | Vice Principal |
| David Dangana | Director Group Quality |
| Elvie-Jo Shergold | Director of Marketing (resigned 31 October 2022) |
| Gary Hunter | Deputy Executive Principal (resigned 30 April 2023) |
| Graham Drummond | Group Director of Governance |
| Jackie Ruilsling | Director of Management Information |
| Jacqueline Chapman | Executive Director, Growth & Partnerships |
| Jasbir Sondhi | Vice Principal |
| Jeremy Wells | TIS Director |
| Kurt Hintz | Executive Principal |
| Neill Scott | Director of Estates and Facilities |
| Pablo Hepworth Lloyd | Interim Group Chief Executive (appointed 1 March 2023) |
| Rachael White | Chief Financial Officer |
| Robin Hindley | Vice Principal |
| Roy O'Shaughnessy | Chief Executive Officer (resigned 31 March 2023) |
| Sarah Ventham | Director of Finance |
| Stewart Cross | Director of Business Intelligence and Planning |
| Trovene Hartley | Director of Human Resources (appointed 1 October 2022) |

| | 2023 No. | 2022 No. |
|--|-------------|-------------|
| The number of Key Management Personnel posts including the Accounting Officer was: | 19 | 18 |
| | <u>19</u> | <u>18</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

9. Staff costs (continued)

Emoluments of Key Management Personnel, Accounting Officer and other higher paid staff

The number of Key Management Personnel and other staff who received emoluments, excluding employer contributions to national insurance and pensions but including benefits-in-kind, during the year in the following ranges was:

| | Key Management Personnel 2023 £000 | <i>Key Management Personnel 2022 £000</i> | Other staff 2023 £000 | <i>Other staff 2022 £000</i> |
|---------------------|---|---|--------------------------------------|--------------------------------------|
| £1 to £40,000 | 2 | - | - | - |
| £40,001 - £45,000 | - | - | - | - |
| £60,001 - £65,000 | - | - | 17 | 16 |
| £65,001 - £70,000 | - | - | 7 | 6 |
| £70,001 - £75,000 | 1 | - | 3 | 5 |
| £75,001 - £80,000 | - | - | 2 | 1 |
| £80,001 - £85,000 | 3 | - | 6 | 8 |
| £85,001 - £90,000 | 2 | 4 | - | - |
| £90,001 - £95,000 | - | 1 | - | 1 |
| £95,001 - £100,000 | 3 | 4 | 1 | - |
| £100,001 - £105,000 | 1 | - | - | - |
| £105,001 - £110,000 | 2 | 2 | - | - |
| £110,001 - £115,001 | 1 | 1 | - | - |
| £115,001 - £120,000 | - | 1 | - | - |
| £120,001 - £125,000 | 1 | 1 | - | - |
| £125,001 - £130,000 | - | - | - | - |
| £130,001 - £135,000 | - | - | - | - |
| £135,001 - £140,000 | 1 | 2 | - | - |
| £160,001 - £165,000 | 1 | 1 | - | - |
| £215,001 - £220,000 | - | 1 | - | - |
| £225,001 - £230,000 | 1 | - | - | - |
| | 19 | 18 | 36 | 37 |

The above table only reflects other staff who received emoluments, excluding employer contributions to national insurance and pensions but including benefits-in-kind, of more than £60,000 for the year.

Capital City College Group

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

9. Staff costs (continued)

| | 2023 £000 | 2022 £000 |
|---|---------------------|---------------------|
| Key Management Personnel remuneration is made up as follows: | | |
| Salary | 1,936 | 2,156 |
| Bonuses | - | 11 |
| Benefits-in-kind | 8 | 3 |
| | <u>1,944</u> | <u>2,170</u> |
| Pension contributions | 270 | 324 |
| | <u>2,214</u> | <u>2,494</u> |
| Contracted out staffing services for Key Management Personnel | 197 | 197 |
| Total Key Management Personnel remuneration | <u><u>2,411</u></u> | <u><u>2,691</u></u> |

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

| | 2023 £000 | 2022 £000 |
|--------------------------------------|-------------------|-------------------|
| Salary - outgoing CEO | 229 | 215 |
| Salary - interim CEO | 75 | - |
| Benefits in kind - outgoing CEO | 6 | 3 |
| | <u>310</u> | <u>218</u> |
| Pension contributions - outgoing CEO | 23 | 33 |
| Pension contributions - interim CEO | 8 | - |
| Total remuneration | <u><u>341</u></u> | <u><u>251</u></u> |

The remuneration packages of the Chief Executive and the Clerk (the senior post holders) are subject to annual review by the Remuneration Committee of the governing body who, in the normal course of events, use benchmarking information to provide objective guidance. No performance related pay or bonus payments were awarded to senior staff during the year.

The Chief Executive reports to the Chair of the Corporation, who undertakes an annual review of their performance against the Corporation's overall objectives using both qualitative and quantitative measures of performance.

Capital City College Group

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

9. Staff costs (continued)

| | 2023 | 2022 |
|--|--------------|--------------|
| Relationship of Chief Executive pay and remuneration expressed as a multiple: | | |
| Chief Executive's basic salary as a multiple of the median basic salary of all staff | 5.05 | 5.24 |
| Chief Executive's total remuneration as a multiple of the median total remuneration of all staff | 5.19 | 5.32 |
| Compensation for loss of office paid to former Key Management Personnel | | |
| | 2023 £000 | 2022 £000 |
| Compensation paid to former Key Management Personnel - contractual | 263 | 70 |

| Severance Banding £ | Contractual redundancy payments 2023 |
|------------------------|---|
| £50,001 - £75,000 | 1 |
| £75,001 - £100,000 | 1 |
| £125,001 - £150,000 | 1 |
| Total | 3 |

No payments of the above are special severance payments.

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

Following a cost efficiency programme in the year, a review of the senior management structure took place which resulted in a number of key management personnel leaving the College in the year.

Capital City College Group

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

10. Other operating expenses

| | Unrestricted funds 2023 £000 | Total funds 2023 £000 |
|--------------------|---|--|
| Teaching costs | 10,482 | 10,482 |
| Non-teaching costs | 14,258 | 14,258 |
| Premises costs | 14,099 | 14,099 |
| Total 2023 | 38,839 | 38,839 |
| | | |
| | <i>Unrestricted funds 2022 £000</i> | <i>Total funds 2022 £000</i> |
| Teaching costs | 11,695 | 11,695 |
| Non-teaching costs | 13,388 | 13,388 |
| Premises costs | 11,026 | 11,026 |
| <i>Total 2022</i> | <i>36,109</i> | <i>36,109</i> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

10. Other operating expenses (continued)

| | 2023 £000 | 2022 £000 |
|--|--------------|--------------|
| Other operating expenses include: | | |
| Auditor's remuneration - Audit of the financial statements | 55 | 49 |
| Auditor's remuneration - Other services provided by the financial statements auditor | 10 | 9 |
| Internal audit | 83 | 72 |
| Other audit services | 40 | - |
| Hire of assets under operating leases | 641 | 640 |
| | 829 | 770 |

Access and participation spending

| | 2023 £000 | 2022 £000 |
|--------------------|--------------|--------------|
| Disability support | 105 | 100 |
| | 105 | 100 |

The above costs include 1 to 1 motivational tutoring, subject-specific workshops, COVID-19 ad-hoc support, additional learning support and wrap around support services to enhance the learning experience.

Capital City College Group

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

11. Interest and other finance costs

| | Unrestricted funds 2023 £000 | Total funds 2023 £000 |
|--|---|--|
| Interest cost on enhanced pension liability | 29 | 29 |
| Net interest cost on defined pension liability | 517 | 517 |
| | <hr/> 546 | <hr/> 546 |
| | <hr/> <hr/> | <hr/> <hr/> |

| | <i>Unrestricted funds 2022 £000</i> | <i>Total funds 2022 £000</i> |
|--|---|--|
| Interest cost on enhanced pension liability | 17 | 17 |
| Net interest cost on defined pension liability | 1,756 | 1,756 |
| | <hr/> 1,773 | <hr/> 1,773 |
| | <hr/> <hr/> | <hr/> <hr/> |

12. Taxation

The Governors do not believe the Corporation is liable for any corporation tax arising out of its activities during either year.

Capital City College Group

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

13. Tangible fixed assets

Group and Corporation

| | Freehold land and buildings £000 | Long-term leasehold land and buildings £000 | Plant and equipment £000 | Motor vehicles £000 | Assets under construction £000 | Total £000 |
|---------------------------|---|---|--------------------------------|---------------------------|---|----------------|
| Cost or valuation | | | | | | |
| At 1 August 2022 | 350,355 | 51,291 | 55,006 | 104 | 3,048 | 459,804 |
| Additions | 2,302 | - | 2,689 | - | 2,075 | 7,066 |
| Disposals | - | - | (223) | - | - | (223) |
| Transfers between classes | 1,729 | - | 1,071 | - | (2,800) | - |
| At 31 July 2023 | <u>354,386</u> | <u>51,291</u> | <u>58,543</u> | <u>104</u> | <u>2,323</u> | <u>466,647</u> |
| Depreciation | | | | | | |
| At 1 August 2022 | 58,754 | 8,045 | 38,977 | 12 | - | 105,788 |
| Charge for the year | 5,121 | 341 | 4,104 | 18 | - | 9,584 |
| On disposals | - | - | (223) | - | - | (223) |
| At 31 July 2023 | <u>63,875</u> | <u>8,386</u> | <u>42,858</u> | <u>30</u> | <u>-</u> | <u>115,149</u> |
| Net book value | | | | | | |
| At 31 July 2023 | <u>290,511</u> | <u>42,905</u> | <u>15,685</u> | <u>74</u> | <u>2,323</u> | <u>351,498</u> |
| At 31 July 2022 | <u>291,601</u> | <u>43,246</u> | <u>16,029</u> | <u>92</u> | <u>3,048</u> | <u>354,016</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

13. Tangible fixed assets (continued)

Group and Corporation (continued)

Other than as noted below, land has been valued on implementation of FRS 102 for the purpose of the financial statements at fair value as at 1 August 2014 by Jones Lang LaSalle Limited a firm of independent chartered surveyors and this is now deemed cost.

Tangible fixed assets transferred on merger from the College of Haringey, Enfield & North East London were adjusted to fair value as at 1 November 2019 (the date of merger) and this is now deemed cost. For fixtures, fittings and equipment fair value was considered to be the net book value immediately prior to merger. Freehold land and buildings were valued at market value on an existing use basis. The valuation of land and buildings was undertaken by MBRE Limited, a firm of independent chartered surveyors.

If inherited land and buildings had not been valued they would have been included at £NIL historic cost. In April 2015 the Corporation granted a charge over its Victoria site to the London Pensions Fund Authority (LPFA) in return for a significant reduction in its ongoing pension contributions. A second charge in favour of the LPFA, over the Centre for Business, Arts and Technology, is currently in the process of being implemented. A further charge, in favour of The Football Foundation, which obligates the Corporation to make its artificial sports pitch available to several local clubs and regulates the fees charged, is held over the freehold of parts of the Enfield Centre.

The Corporation does not have any assets held under finance leases.

14. Investment property

Group and Corporation

| | Freehold investment property £000 |
|------------------|--|
| Valuation | |
| At 1 August 2022 | 1,600 |
| At 31 July 2023 | <u>1,600</u> |

The Corporation owns one property which it does not use within its business. This is leased on a 21 year lease from 15 November 1999 to a joint venture company which is jointly owned by the Corporation and Haringey Council. A 21 year extension to this lease from 2020 has been approved. As the property is not used by the Corporation for educational purposes it is presented as investment property.

The investment property is carried at fair value. It was valued as at 31 July 2023 by the Corporation using a combination of, use of the RICS Red Book, or comparison to the market values of similar properties. The Corporation are satisfied that, having reviewed available data on market activity in the respective location, there has been no significant change to the assets' fair value from that date requiring any further revaluation.

Capital City College Group

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

15. Investments

| | Other fixed asset investments £000 |
|------------------------------|---|
| Group and Corporation | |
| Cost or valuation | |
| At 1 August 2022 | 553 |
| At 31 July 2023 | <u>553</u> |

Included within investment assets brought forward are the Corporations prize funds of £53k. These funds are made up of a number of independent gifts. The income generated on these gifts is used to fund annual prizes in accordance with the donors' wishes.

Apprenticeships First Limited

The Corporation owns 100% of Apprenticeships First Limited, which is incorporated in England and Wales. Apprenticeships First Limited's principal activity is as an Apprenticeship Training Agency which provides employment for apprentices. There was an amount outstanding at the year end of £92k (2022 - £87k).

Tottenham Green Enterprise Centre Limited

The Corporation owns 50% of Tottenham Green Enterprise Centre Limited, which is incorporated in England and Wales. Tottenham Green Enterprise Centre Limited's principal business is the provision of facilities for start up businesses. There was an amount outstanding at the year end of £147k (2022 - £139k).

01 Founders

The College has a 29% share in 01 Founders an innovative coding school training individuals to become full stack software developers.

Apprenticeships First Limited, Tottenham Green Enterprise Centre Limited and 01 Founders are not material to the College's financial statements and therefore have not been consolidated.

Capital City College Enterprises (CCCE)

The College has a 100% investment in CCCE. The primary activity of the company during the year is to provide estates and facilities management services to the College. There were transactions during the year with CCCG and payments made on behalf of CCCE which at the year end there was an amount outstanding of £243k (2022 - £187k).

VSPARK C.I.C

Vspark CIC. trades under its registered trademark Visionnaires. Its purpose is to create a community of best practice among colleges, supporting diverse participants of all ages in their entrepreneurship and self-employment aspirations. Visionnaires is owned 70% by the College and 15% by each of NCG and United Colleges Group. There were transactions during the year with CCCG and payments made on behalf of VSPARK C.I.C which at the year end there was an amount outstanding of £112k (2022 - £58k).

Capital City College Group

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

15. Investments (continued)

| Name | Company Number Holding | | Included in consolidation |
|----------------------------------|------------------------|------|---------------------------|
| Vspark C.I.C | 13405750 | 70% | Yes |
| Capital City College Enterprises | 13503530 | 100% | Yes |

| Name | Income £ | Expenditure £ | Profit / (Loss) for the year £ | Net assets £ |
|----------------------------------|-------------|------------------|--------------------------------------|-----------------|
| Vspark C.I.C | 328,000 | 296,000 | 32,000 | 72,000 |
| Capital City College Enterprises | 1,493,000 | 1,550,000 | (57,000) | (249,000) |

16. Trade and other receivables

| | Group 2023 £000 | Group 2022 £000 | Corporation 2023 £000 | Corporation 2022 £000 |
|------------------------------------|-----------------------|-----------------------|-----------------------------|-----------------------------|
| Due within one year | | | | |
| Trade receivables | 588 | 1,191 | 588 | 1,191 |
| Amounts owed by group undertakings | 236 | 414 | 591 | 356 |
| Other receivables | 162 | 129 | 162 | 129 |
| Prepayments and accrued income | 4,034 | 2,888 | 4,034 | 2,888 |
| | 5,020 | 4,622 | 5,375 | 4,564 |

Capital City College Group

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

17. Current investments

| | Group 2023 £000 | <i>Group 2022 £000</i> | Corporation 2023 £000 | <i>Corporation 2022 £000</i> |
|---------------------|--------------------------------|--------------------------------|--------------------------------------|--------------------------------------|
| Short-term deposits | 4,610 | <i>4,514</i> | 4,610 | <i>4,514</i> |

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the Balance Sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

18. Creditors: Amounts falling due within one year

| | Group 2023 £000 | <i>Group 2022 £000</i> | Corporation 2023 £000 | <i>Corporation 2022 £000</i> |
|------------------------------------|--------------------------------|--------------------------------|--------------------------------------|--------------------------------------|
| Trade creditors | 501 | <i>506</i> | 501 | <i>506</i> |
| Deferred government capital grants | 1,674 | <i>1,682</i> | 1,674 | <i>1,682</i> |
| Corporation tax | 9 | <i>-</i> | - | <i>-</i> |
| Other taxation and social security | 2,729 | <i>2,752</i> | 2,729 | <i>2,752</i> |
| Other creditors | 825 | <i>43</i> | 825 | <i>43</i> |
| Accruals and deferred income | 5,270 | <i>5,188</i> | 5,250 | <i>5,130</i> |
| Amounts owed to the ESFA | 693 | <i>734</i> | 693 | <i>734</i> |
| | 11,701 | <i>10,905</i> | 11,672 | <i>10,847</i> |

19. Creditors: Amounts falling due after more than one year

| | Group 2023 £000 | <i>Group 2022 £000</i> | Corporation 2023 £000 | <i>Corporation 2022 £000</i> |
|------------------------------------|--------------------------------|--------------------------------|--------------------------------------|--------------------------------------|
| Deferred government capital grants | 44,810 | <i>39,033</i> | 44,810 | <i>39,033</i> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

20. Provisions

| | Defined benefit obligations | Enhanced pensions | Total funds |
|------------------------|-----------------------------------|----------------------|----------------|
| | £000 | £000 | £000 |
| At 1 August 2022 | 14,288 | 892 | 15,180 |
| Movement in the period | (14,288) | (135) | (14,423) |
| | - | 757 | 757 |

Defined benefit obligations relate to the liabilities under the Corporation's membership of the Local Government Pension Scheme. Further details are given in Note 26.

The enhanced pension provision relates to the cost of pension enhancements for staff of the former Westminster, Kingsway and City & Islington Colleges who left employment prior to previous mergers. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

| | 2023 | 2022 |
|-----------------|------|------|
| Price inflation | 2.8% | 2.9% |
| Interest rate | 5% | 3.3% |

| | Defined benefit obligations 2022 £000 | Enhanced pensions 2022 £000 | Total funds 2022 £000 |
|------------------------|---|--------------------------------------|--------------------------------|
| At 1 August 2021 | 98,597 | 1,090 | 99,687 |
| Movement in the period | (84,309) | (198) | (84,507) |
| | 14,288 | 892 | 15,180 |

Capital City College Group

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

21. Reconciliation of net movement in funds to net cash flow from operating activities

| | | Group 2023 £000 | Group 2022 £000 |
|--|-------|--------------------------------|--------------------------------|
| Net expenditure for the year (as per Consolidated Statement of Comprehensive income) | | (8,330) | (11,804) |
| Adjustments for: | | | |
| Depreciation charges | 13 | 9,584 | 8,949 |
| Investment income | 7 | (667) | (2) |
| Loss on the sale of fixed assets | 13 | - | 722 |
| Increase in current asset investments | | 96 | - |
| Increase in debtors | 16 | (590) | (530) |
| Increase/(decrease) in creditors | 18,19 | 8,238 | (2,503) |
| Release of deferred capital grants | 16 | (1,665) | (1,602) |
| Decrease in other provisions | 20 | (135) | (198) |
| Pension costs including interest less contributions payable | 26 | 3,961 | 9,425 |
| Net cash provided by operating activities | | 10,492 | 2,457 |

22. Analysis of cash and cash equivalents

| | Group 2023 £000 | Group 2022 £000 |
|--|--------------------------------|--------------------------------|
| Cash in hand | 26,550 | 22,649 |
| Total cash and cash equivalents | 26,550 | 22,649 |

23. Analysis of changes in net debt

| | At 1 August 2022 £000 | Cash flows £000 | At 31 July 2023 £000 |
|--------------------------|--------------------------------------|----------------------------|-------------------------------------|
| Cash at bank and in hand | 22,649 | 3,901 | 26,550 |
| Debt due within 1 year | (1,682) | 8 | (1,674) |
| Liquid investments | 4,514 | 96 | 4,610 |
| | 25,481 | 4,005 | 29,486 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

24. Contingent liabilities

There were no contingent liabilities at the year end.

25. Capital commitments

There were no capital commitments at the year end.

26. Pension commitments

The Group operates a defined benefit pension scheme.

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal valuation of the TPS was on 31 March 2019 and of the LGPS was on 31 March 2019.

Contributions amounting to £1,107,000 (2022 - £1,132,000) were payable to the schemes at 31 July and are included in 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

26. Pension commitments (continued)

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

Accordingly the Corporation 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 below the information available on the plan and the implications for the Corporation in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension accounts 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 2019. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2022/23 academic year.

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

The pension costs paid to TPS in the year amounted to £6,655,173 (2022 - £6,234,783).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the London Pension Fund Authority. The total contributions made for the year ended 31 July 2023 were £4,372,000, of which employer's contributions totalled £3,022,000 and employees' contributions totalled £1,350,000. The agreed contribution rates for future years are 13.8%, rising to 15.5% from 1 April 2021 for the Corporation and range from 5.5% to 12.5% cent for employees, depending on salary according to a national scale.

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2023 by Barnett Waddingham, a qualified independent actuary:

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

| | At 31 July 2023 % | At 31 July 2022 % |
|--------------------------------------|-------------------------|-------------------------|
| Discount rate | 5.15 | 3.40 |
| Future salary increases | 3.80 | 3.75 |
| Future pension increases | 2.80 | 2.75 |
| Inflation assumption | 2.80 | 2.75 |
| Commutation of pensions to lump sums | 25.00 | 25.00 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

26. Pension commitments (continued)

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

| | At 31 July 2023 Years | <i>At 31 July 2022 Years</i> |
|--------------------------------|--------------------------------------|--------------------------------------|
| Retiring today - Males | 20.6 | 21.7 |
| Retiring today - Females | 23.3 | 24.1 |
| Retiring in 20 years - Males | 21.4 | 22.9 |
| Retiring in 20 years - Females | 24.8 | 25.8 |

The Group's share of the assets in the scheme was:

| | At 31 July 2023 £000 | <i>At 31 July 2022 £000</i> |
|-----------------------------------|-------------------------------------|-------------------------------------|
| Equities | 97,956 | 91,884 |
| Property | 15,776 | 15,899 |
| Cash and other liquid assets | 2,512 | 1,947 |
| Target return portfolio | 29,718 | 35,153 |
| Infrastructure | 20,828 | 17,035 |
| Total fair value of assets | 166,790 | 161,918 |

Capital City College Group

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

26. Pension commitments (continued)

The amounts recognised in the Statement of Comprehensive Income are as follows:

| | 2023 £000 | 2022 £000 |
|---|-----------------|-----------------|
| Current service cost | | |
| Amounts included in staff costs | | |
| Current service costs | 6,350 | 10,328 |
| Past service cost | 116 | 308 |
| | 6,466 | 10,636 |
| Amounts included in interest and other finance costs | | |
| Net interest payment | 517 | 1,756 |
| | 517 | 1,756 |
| Amounts recognised in other comprehensive income | | |
| Return on plan assets | 694 | (9,760) |
| Experience losses arising on defined benefit obligations | 17,245 | 655 |
| Changes in assumptions underlying the present value of plan liabilities | (57,730) | (84,629) |
| Minimum fund requirement basis impairment charge | (22,726) | - |
| | (62,517) | (93,734) |

Movements in the present value of the defined benefit obligation were as follows:

| | 2023 £000 |
|--|----------------|
| Opening defined benefit obligation | 176,206 |
| Interest cost | 5,924 |
| Contributions by scheme participants | 1,350 |
| Actuarial gains | (17,759) |
| Benefits paid | (5,397) |
| Current service cost | 6,350 |
| Past service cost | 116 |
| Minimum fund requirement basis impairment charge | (22,726) |
| Closing defined benefit obligation | 144,064 |

Capital City College Group

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

26. Pension commitments (continued)

Movements in the fair value of the Group's share of scheme assets were as follows:

| | 2023 £000 |
|--|----------------------------|
| Opening fair value of scheme assets | 161,918 |
| Expected return on assets | 5,407 |
| Actuarial gains | 490 |
| Contributions by employer | 3,022 |
| Contributions by scheme participants | 1,350 |
| Benefits paid | (5,397) |
| Closing fair value of scheme assets | 166,790 |

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

| | 2023 £000 | 2022 £000 |
|--|----------------------------|----------------------------|
| Fair value of plan assets | 166,790 | 161,918 |
| Present value of plan liabilities | (144,064) | (176,206) |
| Minimum fund requirement basis impairment charge | (22,726) | - |
| Net pensions liability | - | (14,288) |

26. Pension commitments (continued)

Total pension cost for the year

| | 2023 £000 | 2022 £000 |
|--|----------------------------|----------------------------|
| Local Government Pension Scheme | | |
| Contributions paid | 3,022 | 2,867 |
| FRS 102 (28) charge | 3,444 | 7,637 |
| | 6,466 | 10,504 |
| Teachers' Pension Scheme: contributions paid | 6,494 | 6,235 |
| | 12,960 | 16,739 |

Capital City College Group

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

27. Operating lease commitments

At 31 July 2023 the Group and the Corporation had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2023 £000 | <i>Group 2022 £000</i> | Corporation 2023 £000 | <i>Corporation 2022 £000</i> |
|--|--------------------------------|--------------------------------|--------------------------------------|--------------------------------------|
| Not later than 1 year | 529 | <i>641</i> | 529 | <i>641</i> |
| Later than 1 year and not later than 5 years | 1,234 | <i>855</i> | 1,234 | <i>855</i> |
| | 1,763 | <i>1,496</i> | 1,763 | <i>1,496</i> |

The following lease payments have been recognised as an expense in the Statement of Financial Activities:

| | Group 2023 £000 | <i>Group 2022 £000</i> | Corporation 2023 £000 | <i>Corporation 2022 £000</i> |
|-------------------------|--------------------------------|--------------------------------|--------------------------------------|--------------------------------------|
| Operating lease rentals | 641 | <i>641</i> | 641 | <i>641</i> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

28. Related party transactions

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

There were no expenses paid to or on behalf of the Members of the Corporation during the year (2022 - £NIL for 0 members).

No Governors of the Corporation received any remuneration or waived payments from the Corporation during the year (2022 - None).

The CFO, the CEO (resigned 31 March 2023) and the Director of Governance (appointed 13 November 2023) were all Directors of Capital City College Enterprises (CCCE), a wholly owned subsidiary of the College, during the year. In 22/23, there were intercompany transactions of £50,900 (2022 - £72,000) for payroll recharges and £1,493,515 (2022: £776,191) of recharges made to the Corporation for the provision of estate management services. At the year-end, there was an outstanding liability of £243,238 (2022: £187,330) owing to the Corporation.

Alastair Da Costa, a Governor was also a Director of 01 Founders Limited in which CCCG own a 29% share. During the year CCCG has invested £Nil (2022 - £500,000) into 01 Founders Limited in return for a 29% share in the company. There were no balances outstanding (2022 - £NIL) at the year end.

The CEO (resigned on 31 March 2023), the CFO (appointed 1 May 2023) and the interim group CEO/Accounting Officer (resigned 28 February 2023), were all Directors of VSPARK C.I.C. which is a 70% owned subsidiary of CCCG, during the year. During the period the Corporation paid £190,000 (2022 - £300,000) in regards to a license fee to VSPARK C.I.C. Intercompany transactions relating to payroll and corporate management fees recharges of £111,732 (2022 - £185,312) were also paid. There was a balance of £58,260 (2022 - £58,260) outstanding at the year end.

During the year, transactions with Apprenticeships First Limited, a wholly owned subsidiary, occurred. During the year the Corporation paid £Nil (2022 - £50,000) to Apprenticeships First Limited. Intercompany transactions relating to payroll recharges of £Nil (2022 - £63,647) were received from Apprenticeships First Limited. There was a balance of £91,958 (2022 - £87,353) outstanding at the year end.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

29. Amounts disbursed as agent

| | 2023 £000 | <i>2022</i> <i>£000</i> |
|---------------------------------------|----------------------------|----------------------------|
| Learner support funds | | |
| Funding body grants - bursary support | 2,136 | 2,136 |
| Other funding body grants | 134 | 134 |
| | <hr/> 2,270 | <hr/> 2,270 |
| Disbursed to students | (2,180) | (2,180) |
| Administration costs | (90) | (90) |
| | <hr/> | <hr/> |
| Balance unspent as at 31 July | <hr/> - <hr/> | <hr/> - <hr/> |

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

City and Islington College

candi.ac.uk

Westminster Kingsway College

westking.ac.uk

**The College of Haringey, Enfield
and North East London**

conel.ac.uk

Capital City College Training

capitalcct.ac.uk

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CITY AND ISLINGTON
COLLEGE



Westminster
Kingsway College

The College of
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