



**Annual Report
and
Consolidated Financial Statements**

**For the year ended
31 July 2022**

DUDLEY COLLEGE OF TECHNOLOGY

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Reference and Administrative Details

Board of Governors

A full list of Governors is given on page 15 of these financial statements.

Director of Corporate Governance

Gill Darwood

Senior Leadership Group

Neil Thomas	Chief Executive & Principal
Louise Jones	Chief Finance Officer
Diana Martin	Vice Principal
Steve Johnson	Executive Director Estates & Capital Projects
Debbie Goode	Executive Director Public Affairs & Marketing
Kathryn Jones	Director of Human Resources
Georgina Barnard	Managing Director Black Country & Marches Institute of Technology
Claire Millard	Assistant Principal
Karl Veltman	Assistant Principal
Lynn Glazzard	Assistant Principal
Rachel Corns	Assistant Principal

Principal and Registered Office The Broadway, Dudley, DY1 4AS

Professional advisors

External auditors	Bishop Fleming LLP, One, Two and Three College Yard, Worcester WR1 2LB
Internal auditors	RSM, St Philips Point, Temple Row, Birmingham B2 5AF
Solicitors	Freeths LLP, Cumberland Court, 80 Mount Street, Nottingham NG1 6HH
Bankers	Santander UK Plc, Customer Service Centre, Bootle, Merseyside L30 4GB

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Members Report for the year ended 31 July 2022

OBJECTIVES AND STRATEGY

The governing body present their annual report together with the financial statements and auditor's report for the year ended 31 July 2022.

Legal Status

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

Mission, Vision, Strategy and Objectives

In December 2019, following a thorough consultation process involving the College's stakeholders, students and staff, the Corporation agreed a revised Strategic Plan 2020-23. The mission statement is:

"Our mission: outstanding technical and professional learning, which raises aspirations, develops skills and changes lives."

"...by 2023 we will be firmly recognised regionally, nationally and internationally simply as a 'great College'. With our focus on apprentices, full-time programmes for young people, adult learning and higher technical skills, we will constantly make a real difference to the lives of our learners, raising their aspirations and promoting their prosperity. As a driving force in the regional economy we will continue to improve business productivity, adding gross value".

The Corporation sets the key performance indicators for the year which are used to measure performance and distance travelled towards the strategic objectives. These performance indicators can be viewed on the College web site via the College performance dashboard.

The dashboard web address is <http://www.dudleycol.ac.uk/Dashboard.aspx>.

Resources

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

The College employs 642 people (expressed as full-time equivalents), of whom 282 are teaching staff (including assessors) (2021: 645 FTE, 308 teaching).

The College enrolled approximately 11,000 students (2021: 12,000). The College's student population include 4,700 16 to 18 year-old students (2021: 4,900) and 5,100 adult learners (2021: 7,100), including 2,700 apprentices (2021: 3,500) and 136 higher education students (2021: 207).

The College has £18.816m of net assets (2021: £15.614m net liabilities) including £10.136m pension liability (2021: £43.462m) and long-term debt of £16.0m (2021: £17.1m).

During the year the College had tangible resources including the main College sites at Advance I, Advance II, Broadway, Dudley Sixth, Enhance, Evolve, Wolverhampton Street and at the Waterfront and Inspired in Brierley Hill. The Black Country and Marches Institute of Technology opened in September 2021.

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Members Report for the year ended 31 July 2022

The College has an excellent reputation locally and nationally and was inspected in 2016/17 by Ofsted and graded 'OUTSTANDING'. The College has strong relationships with Dudley Metropolitan Borough Council and with the West Midlands Combined Authority. Maintaining a quality brand is essential for the College's success at attracting learners and developing external relationships.

Stakeholders

The College has many stakeholders, including:

- Its current, future and past students;
- its staff and their trade unions. The trade unions of which College staff are members are the University and College Union and Unison;
- the employers it works with;
- its partner schools and universities, names Dudley Academies Trust and University of Wolverhampton and University of Worcester;
- the wider College community;
- the Black Country Local Enterprise Partnership.
- Dudley Metropolitan Borough Council, West Midlands Combined Authority and the Black Country Local Enterprise Partnership

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

Public Benefit

The College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 16. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to approximately 11,000 students, including 175 students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and maths course. The College adjusts its courses to meet the needs of local employers and provides training to 2,700 apprentices. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

DEVELOPMENT AND PERFORMANCE

Financial results

The College generated a deficit from operations of £2.9m (2021: deficit of £4.4m). The College received 90% of its total income for 2021/22 as grants from funding bodies (2021: 90%), most notably from the Education and Skills Funding Agency for 16-18 provision. The improvement in performance from the prior year was largely due to the college generating income from activities

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Members Report for the year ended 31 July 2022

that were previously restricted due to Covid. The College has also taken measures to reduce staffing costs by 5%.

Tangible fixed asset additions during the year amounted to £4.49m (2021: £18.72m). This was split between land and buildings acquired of £1.67m and equipment purchased of £2.79m largely, relating to the fit out of the Institute of Technology.

The College has continued to repay its existing loans, with no new loans required. The College acquired assets with a value of £0.57m during the year, funded through finance leases. The College's total borrowing including revolving credit facilities and finance leases is £17.39m (2021: £18.47m).

Cash Flows and Liquidity

At £6.2m (2020/21: £2.4m) net cash flow from operating activities was strong. The positive inflow is due to careful cost control to manage cash through the financial challenges created following the pandemic.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. The College negotiated new bank covenants with Santander UK plc during 2020/21. The revised covenants are based on net assets value (excluding pension liability and deferred capital grants), debt service cover and interest costs as a proportion of EBITDA. The College met all three bank covenant tests in place at 31 July 2022.

Developments

The College was successful in securing £8.79m from the DfE FE Capital Transformation Grant. The College will be contributing £0.74m of its own funds to the grant works which will fund replacement of windows and roofing, a purpose built animal science block and the fit out of 12 The Broadway for a specialist SEND delivery centre. These works commenced in August 2022 and are expected to be completed by July 2024.

Reserves

The College has accumulated reserves of £18.82m (2021:15.61m) and cash and short term investment balances of £6.86m (2021: £4.96m). The College wishes to continue to accumulate reserves and cash balances in order to create a contingency fund to meet future capital requirements.

Sources of Income

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2021/22, the funding bodies provided 90% of the group's total income (2021: 90%).

Group Companies

The College had two subsidiary companies during the year, Dudley College Enterprises Limited and Transformational Technologies Partnership Limited. Transformational Technologies Partnership Limited (TTPL) was set up to oversee the activity and operation of the Black Country and Marches Institute of Technology. Dudley College Enterprises Limited did not trade in the year

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ended 31 July 2022. Any surplus generated by a subsidiary is transferred to the College under Gift Aid. In the current year, the deficits generated by TTPL were £281,000 and the College has agreed to underwrite this deficit through a 'float' until such time as the company is returning a surplus.

FUTURE PROSPECTS

Future Developments

The College has recently completed construction of new facilities at the Black Country and Marches Institute of Technology (IoT). The IoT will offer a wide range of high-quality technical education programmes with clear pathways to skilled jobs in the following transformational sectors:

- Advanced Engineering & Manufacturing.
- Modern Methods of Construction.
- Medical Engineering & Healthcare.
- Digital Technologies as a cross-cutting theme.

Specialising in higher level technical education programmes and Apprenticeships, the new employer-led Institute combines the College's training offer in collaboration with key partners including Avensys UK Limited, InComm, University of Wolverhampton and University of Worcester.

Financial Plan

The College governors approved a financial strategy in July 2021 which sets metrics for the period to 2025. The College aims to improve its financial position, moving to a financial health grade of Good by 2022/23 and an EBITDA of 8% of income by 2022.

The College expects income to increase over the period as a result of a continued growth trend in students aged 16-18, apprenticeship provision delivered at the IoT and the College's responsive and flexible approach to meeting adult skills needs.

The College has been able to invest substantially in new buildings through grants and borrowing in recent years. Capital expenditure up to 2023 will therefore be limited and allow a focus on increasing cash reserves and financial resilience.

Treasury policies and objectives

The College has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. Short-term borrowing for temporary revenue purposes is authorised by the Principal/Chief Executive Officer. All other borrowing requires the authorisation of the Corporation.

The College has no plans to increase borrowings and has met all three bank covenants during the year.

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Members Report for the year ended 31 July 2022

Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. As at the balance sheet date the Income and Expenditure reserve stands at £13.56m (2021: -£21.4m). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Based on the strategic plan, the College Senior Leadership Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventative actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent appraisal will review their effectiveness and progress against risk mitigation actions.

In addition to the monthly review, the Senior Leadership Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College, government policy decisions or macro-economic factors.

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

This is supported by a risk management training programme to raise awareness of risks throughout the College.

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

- Lower than expected demand and student recruitment results in income targets not being achieved.
- The quality of apprenticeship provision is lower than required.
- The college is unable to deliver the work experience strategy, as a result of lower than expected work placements.
- The failure to recruit sufficient high calibre industry standard staff to deliver higher technical and professional learning.
- The threat of cyber-security risks including phishing attacks, virus attacks and data breaches.

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- Unforeseen circumstances such as a change in government or funding policy that the college is unable to manage internally, resulting in potential financial instability.

The College has put in place mitigating actions against each of these risks that aim to reduce the risk assessment from high to at least medium.

KEY PERFORMANCE INDICATORS

The College's key performance indicator, targets and results are set out below:

Key performance indicator	Measure/ Target	Actual for 2021/22
EBITDA as % of income	7.1%	10.7%
Staff costs as % of income (excluding restructuring costs)	66.7%	65.4%
Borrowing as % of income	36.5%	38.3%
Cash days in hand	33	54
Financial health grade	Requires Improvement	Good

Student Achievements

Students continue to prosper at the College, despite the disruption to their studies as a result of the pandemic. Achievement rates remained high at 81.4% (2021: 78.3%) and 84.2% (2021: Unknown) of students moved into employment, further or higher education after they completed College.

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.

During the accounting period 1 August 2021 to 31 July 2022, the College paid 52% of its invoices within 30 days (2021: 65%). The College did not incur any interest charges in respect of late payment in this period.

EQUALITY AND DIVERSITY

Equal opportunities and employment of disabled persons

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

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Members Report for the year ended 31 July 2022

The College publishes its student and staff workforce data on an annual basis through the dashboard available on the website. Information is also provided to the Governors on an annual basis for both the staff workforce and for the recruitment activity which has taken place during the previous academic year.

The College is very proud of its disability confident leader status and were the first FE institution and employer in the Dudley Borough to achieve this. The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where the individual meets the essential criteria in the person specification, they are automatically offered an interview. Where an existing employee becomes disabled, every effort is made to ensure that employment with the college continues and as a minimum all employees with a declared disability are met with on an annual basis to review their support needs.

The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

The College works with the Dudley Centre for Equality and Diversity and all external job advertisements are sent to them to promote to their members. The College has a new post of Equality and Diversity Officer who will produce an annual action plan. We are delighted that two of our staff completed the Education and Training Foundation Leadership in Diversity programme in 2020 with another member of staff completing the programme in 2021. In addition we have had 8 staff working on EDI projects across both staff and students and October 2022 will see the launch of our EDI staff conference. The College is a member of Stonewall and is currently working with them through their accreditation process and as part of this over 50 College staff have recently attended Transgender training.

The College signed up to the AoC Mental Health and Wellbeing Charter. The College has also trained 16 mental health first aiders and implemented both the FIKA mental fitness app and the Big White Wall for both staff and students.

Gender pay gap reporting

	Year ending 31 March 2021
Mean gender pay gap	14%
Median gender pay gap	21%
Mean bonus gender pay gap	0%
Median gender bonus gap	0%
Proportion of males/females receiving a bonus	N/A

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

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	Males	Females
1 - Lower quartile	60	135
2 – Lower Middle quartile	73	122
3 – Upper middle quartile	94	101
4 – Upper quartile	134	61

The College publishes its annual gender pay gap report on its website.

Disability Statement

Dudley College of Technology has an open and welcoming policy towards applicants who may have a physical or learning disability or mental health issues and recognises the rights of all learners to be treated equally regardless of disability. It seeks to encourage learners with disabilities throughout the College and is committed to supporting and enhancing their learner experience. The College is committed to continuous quality improvement and has an on-going programme of works in order to further improve access. Every effort is made to meet individual needs and to ensure the environment is as accessible and as welcoming as possible.

There are a wide range of support services and facilities available across the College including:

- Individual learning support.
- Specialist tutors.
- Communicators or facilitators.
- Dyslexia support.
- Loan of specialist equipment for use in College.
- Special arrangements for examinations.
- Resource Based Learning Centres (or iPoints).
- Advice, guidance and counselling.
- Dedicated disabled parking facilities.
- Dedicated accessible toilet facilities generally available via RADAR keys.
- Specialist medical support available from the College medical service.
- Care assistance available through Dudley Aspire.
- Special dietary provision available through catering facilities.
- Specialised software to aid visually impaired learners.
- Text in different formats such as Braille, large text, or on tape or disk.
- Deaf Alerter on the Broadway Campus (paggers are available from Reception).
- A portable loop system communicator for hearing impaired learners available for classrooms.
- Induction loops to reception areas, theatres, hall and main conference rooms.

The College disability statement is reviewed each year by the Strategic Impact Committee.

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.

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Members Report for the year ended 31 July 2022

Numbers of employees who were TU officials in the relevant period	FTE employee number
7	6.7

Percentage of time	Number of employees
0%	0
1-50%	7
51-99%	0
100%	0

Total cost of facility time	
Total pay bill	£27,977,546
Percentage of total bill spent on facility time	£33,128

Time spent on paid trade union activities as a percentage of total paid facility time	0.12%
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GOING CONCERN

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

The financial statements have been prepared on a going concern basis which the Corporation considers to be appropriate for the following reasons.

The Corporation has prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements. The Corporation continually reviews the financial performance of the College and takes mitigating action to address any downturn in financial performance, including the impact of reduced enrolment numbers, commercial activity and increased inflationary costs.

Consequently, the Corporation is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

EVENTS AFTER REPORTING PERIOD

There are no post-balance sheet events.

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Members Report for the year ended 31 July 2022

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 information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Corporation on 13 December 2022 and signed on its behalf by:



D Whatton
Chair of the Corporation

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Statement of Corporate Governance and Internal Control

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

Governance Code

The College endeavours to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- in accordance with the English Colleges' Code of Good Governance ("the Colleges' Code") and;
- having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the further education sector.

In the opinion of the governors, the College complies with all the provisions of the Colleges' Code and it has complied throughout the year ended 31 July 2022 and up to the date of these financial statements. This opinion is based on an internal review of compliance with the Code. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the Colleges' Code of Governance issued by the Association of Colleges in March 2015, which it formally adopted in July 2015, and as updated in September 2021.

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Statement of Corporate Governance and Internal Control

THE CORPORATION

The members who served on the Corporation during the year and up to the date of signature of this report were as follows:

Name	Status	Date appointed/ reappointed	Term Years	Committees served	Attendance in 2021/22
Lord Ian AUSTIN	External	10.11.20	4		5/8 (63%)
Wendy BRISSETT (to 31/8/22)	Staff (Teaching)	27.03.22	4	Standards	3/5 60%
Liam BUTLER	External	11.02.20	4	Audit	13/14 93%
Katharine CLOUGH (to 30/11/21)	External	10.11.19 (Note 1)	4	Standards	3/3 (100%)
Wendy DAVIES	External	10.11.20	4	Audit	10/12 (83%)
Nirmal GUPTA	External	06.07.21	4	Audit	11/12 92%
Charlie HARVEY	External	10.12.18 (Note 1)	4	Audit (Ch)	10/12 (83%)
Alison HODGE	External	02.10.19 (Note 1)	4	Finance & Estates	11/11 (100%)
Mollie-Amelia HEHIR	Student	06/07/21	2	Standards	11/11 (100%)
Valerie LITTLE	External	13.12.20	4	Finance & Estates Search Remuneration	15/16 (94%)
Sukhninder PANESAR	External	01.12.21	4	Standards (V Chair)	6/6 (100%)
Jason PARKER	External	11.02.20	4	Finance & Estates (Ch) Remuneration	12/14 (86%)
Suhail RANA (to 24/03/22)	Staff	25.03.18 (Note 1)	4	Standards (V-Ch)	7/7 (100%)
Liz SITHOLE	External	12.11.19	4	Finance & Estates (V Ch)	8/11 (73%)
Jack STOKES	Student	22.03.22	2	Finance & Estates	4/4 (100%)
Neil THOMAS	CE&P	01.01.20	N/A	Standards Finance & Estates Search	15/16 (94%)
Tom WESTLEY	External	07/12/21 (Note 1)	4		6/8 (75%)
David WHATTON	External	19.03.19 (Note 1)	4	Remuneration Standards (Ch) Finance & Estates Search (Ch)	15/19 (79%)
Andrew WOODFORD	Staff	25/09/20	4	Finance & Estates Standards	11/11 (100%)

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Statement of Corporate Governance and Internal Control

David WHATTON served as Chair of the Corporation Gill DARWOOD served as Director of Corporation Governance (Clerk to the Corporation).

Note 1 - Members serving a second or subsequent term of office

The Governance Framework

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation held eight meetings in the year to 31 July 2022.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Standards, Finance and Estates, Search, Audit, and Remuneration. All committees met at least termly. To ensure transparency full minutes of all meetings of the Corporation are published on the College's website (except those deemed to be confidential) and are available from the Director of Corporate Governance at:

Dudley College of Technology
The Broadway
Dudley
West Midlands
DY1 4AS

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

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

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

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

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

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Statement of Corporate Governance and Internal Control

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search committee, which is responsible for the selection and recommendation of any new member for the Corporation's consideration except for the Student and Staff governors. 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, except in exceptional circumstances.

Corporation performance

The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2022 and graded itself as highly effective.

Training for governors is provided to cover areas identified as requiring development within the governance quality improvement plan, with two strategic development sessions in each year which offer opportunities for group training and development sessions. There is an induction programme for all new governors and all members of the Board receive weekly sector briefings throughout the academic year.

Governor training in 2021/22 has included participation in the ETF online Governor Development Programme, and attendance at relevant Master Classes, AoC Curriculum and Quality Chairs Network and Governance Finance Masterclasses. Student and Staff Governors have attended the relevant ETF Governor Conferences and the Unloc Student Governor training programme. The Chair has attended additional training events and in 2020/21 completed the Chair's Leadership Programme run by the Institute of Directors in conjunction with ETF.

The Director of Corporate Governance is a senior post holder who has been in post since September 2018 and has worked in further education for over 20 years. The postholder has relevant qualifications including a degree in Business and a number of post graduate qualifications including international business law, education management and Institute of Chartered Governance Certificate in Academy Governance. In March 2022 the post holder completed the intermediate level Governance Professional's programme run by the Institute of Directors in conjunction with ETF and will undertake the Governance Professional's leadership programme in 2022/23. The Board ensures that the Director of Corporate Governance receives appropriate development throughout the year including attendance at relevant governance conferences, network events, legal and compliance updates and training, completion of which is monitored through the College's performance management process by the remuneration committee.

Remuneration Committee

Throughout the year ending 31 July 2022 the College's Remuneration Committee comprised four members of the Corporation. The Corporation has adopted the AoC's Colleges' Senior Post Holder Remuneration Code. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post holders.

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Statement of Corporate Governance and Internal Control

Details of remuneration for the year ended 31 July 2022 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises four members of the Corporation and, up until 31st March 2022, also included one co-opted member (membership excludes the Accounting Officer and the Chair of the Corporation). The Committee operates in accordance with written terms of reference approved by the Corporation.

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

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

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

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

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

Committee member	Meetings attended
Ms C Harvey	4/4
Mr L Butler	4/4
Nr N Gupta	4/4
Ms W Davies	3/4
Ms S Birdi (to 31/3/22)	2/3

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.

DUDLEY COLLEGE OF TECHNOLOGY

Statement of Corporate Governance and Internal Control

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

The purpose of the system of internal control

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2022 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

The risk and control framework

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

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

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

DUDLEY COLLEGE OF TECHNOLOGY

Statement of Corporate Governance and Internal Control

Risks faced by the Corporation

The Corporation works with the Senior Leadership Group to understand and assess the key risks faced by the College. The Audit Committee scrutinises the risk register and challenges the leadership team on the assessment of risk, the response and the effectiveness of actions taken. The Corporation also has the opportunity to discuss risk in a wider setting and consider its appetite to individual risks. The Corporation recognises the high level risks in the ability to recruit student numbers, performance of apprenticeship programmes, the effectiveness of its work placement approach, the ability to attract and retain high calibre staff particularly in technical vocations, the extent to which the College's cyber security measures are effective and the impact on the financial position and the student experience as a result of external factors.

Control weaknesses identified

The internal auditors identified improvements that could enhance curriculum planning controls and these have now been implemented. Some weaknesses were identified in the controls on learner number systems (16-19 study programmes) and actions are in place to ensure these are addressed. The Audit Committee receives updates at each meeting as to the extent to which the college has actioned the recommendations made by the internal auditors.

Responsibilities under Funding Agreements

The Corporation has responsibilities for ensuring that the College's funds are used only in accordance with the Corporation's powers as set out in the Further and Higher Education Act 1992 and the College's own statutory duties and other obligations.

The Chief Executive and Principal is responsible for advising the Corporation in writing if at any time, in his opinion, any action or policy under consideration by the Corporation is incompatible with the Department's Conditions of Funding. During the year the Chief Executive and Principal has no evidence that the Governing Body is acting, or intending to act, in breach of the Department's Conditions of Funding.

Statement from the audit committee

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

The specific areas of work undertaken by the audit committee in 2021/22 and up to the date of the approval of the financial statements are:

- A review of the internal auditors' annual report for 2021/22 provided the Committee with positive operational assurances and overall assurance, confirming that the College had an adequate and effective framework for risk management, governance and internal control in place, with the recommendations made throughout the year helping to identify further enhancements to the framework or risk management governance and internal control.
- A review of the report of the Financial Statements Auditor in respect of the 2021/22 accounts; the Committee noted that the financial statements auditors had not encountered any significant problems and, based on the work completed and subsequent

DUDLEY COLLEGE OF TECHNOLOGY

Statement of Corporate Governance and Internal Control

conclusion of their work on going concern, anticipated issuing an unmodified Auditor's Report.

- Updates on risk management including the review of the Risk Management Policy, details of changes to the Risk Register and Action Plan updates were considered at each meeting.
- The Committee monitored the effectiveness of external and internal audit providers and made recommendations to the Corporation on their appointment, reappointment and remuneration.

Review of Effectiveness

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

- The work of the internal auditors.
- The work of the senior leaders within the College who have responsibility for the development and maintenance of the internal control framework.
- Comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

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

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

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Leadership Group and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Corporation have carried out an annual assessment for the year ended 31 July 2022 by considering documentation from the Senior Leadership Group and internal audit and taking account of events since 31 July 2022.

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

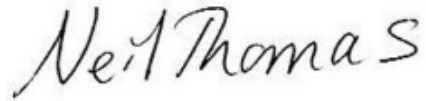
DUDLEY COLLEGE OF TECHNOLOGY

Statement of Corporate Governance and Internal Control

Approved by order of the members of the Corporation on 13 December 2022 and signed on its behalf by:



D Whatton
Chair of the Corporation



N Thomas
Accounting Officer

DUDLEY COLLEGE OF TECHNOLOGY

Statement of Regularity, Propriety and Compliance

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

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

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



D Whatton
Chair of the Corporation

13 December 2022



N Thomas
Accounting Officer

13 December 2022

DUDLEY COLLEGE OF TECHNOLOGY

Statement of Responsibilities of the Members of the Corporation

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

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

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

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Assess whether the Corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate.
- Prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder.

DUDLEY COLLEGE OF TECHNOLOGY

Statement of Responsibilities of the Members of the Corporation

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 economical, efficient and effective management of the Corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the Members of the Corporation on 13 December 2022 and signed on its behalf by:



D Whatton
Chair of the Corporation

DUDLEY COLLEGE OF TECHNOLOGY

Independent auditors' report to the corporation of Dudley College of Technology

Opinion

We have audited the financial statements of Dudley College of Technology (the 'parent corporation') and its subsidiaries (the 'group') for the year ended 31 July 2022 which comprise the Consolidated and College Statements of Comprehensive Income and Expenditure, Consolidated and College Statements of Changes in Reserves, Consolidated and College Balance Sheets, Consolidated Statement of Cash Flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: Accounting for Further and Higher Education (the 'FE HE SORP') and the College Accounts Direction for 2021 to 2022.

In our opinion, the financial statements:

- give a true and fair view of the state of the corporation's and group's affairs as at 31 July 2022 and of the corporation's and group's income and expenditure, changes in reserves, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the FE HE SORP, College Accounts Direction 2021 to 2022 and the Office for Students' 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 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.

Conclusion relating to going concern

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

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

DUDLEY COLLEGE OF TECHNOLOGY

Independent auditors' report to the corporation of Dudley College of Technology

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The members

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.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post 16 Audit Code of Practice Issued by the Education and Skills Funding Agency ('ESFA') requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the group, or returns adequate for our audit have not been received from branches not visited by us; or
- the group's 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.

Opinion on other matters prescribed by the Office for Students' Accounts Direction

In our opinion:

- funds from whatever source administered by the corporation for the specific purposes have been applied to those purposes and managed in accordance with relevant legislation; and
- funds provided by the Office for Students ('OfS') and Research England have been applied in accordance with the relevant terms and conditions and any other terms and conditions attached to them.

We have nothing to report in respect of the following matters in relation to which the Office for Students' Accounts Direction requires us to report to you if, in our opinion:

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

DUDLEY COLLEGE OF TECHNOLOGY

Independent auditors' report to the corporation of Dudley College of Technology

Responsibilities of the corporation

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the sector, control environment and the corporation's performance;
- results of our enquiries of management and the members, including the committees charged with governance over the corporation's finance and control, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the corporation's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- how the corporation ensured it met its obligations arising from it being financed by and subject to the governance requirements of the ESFA and OfS, and as such material compliance with these obligations is required to ensure the corporation will continue to receive its public funding and be authorised to operate, including around ensuring there is no material unauthorised use of funds and expenditure;
- how the corporation ensured it met its obligations to its principal regulator, the Secretary of State for Education; and

DUDLEY COLLEGE OF TECHNOLOGY

Independent auditors' report to the corporation of Dudley College of Technology

- the matters discussed among the audit engagement team and involving relevant internal corporation specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the corporation operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the College Accounts Direction, the Office for Students' Accounts Direction, the FE HE SORP, and the UK Companies Act.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the corporation's ability to operate or to avoid a material penalty. These included safeguarding regulations, data protection regulations, occupational health and safety regulations, education and inspections legislation, and employment legislation.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of corporation's management and members concerning actual and potential litigation and claims;
- performing procedures to confirm material compliance with the requirements of the ESFA and OfS;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of the members and reviewing internal control reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

DUDLEY COLLEGE OF TECHNOLOGY

Independent auditors' report to the corporation of Dudley College of Technology

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



Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

Worcester

14 December 2022

DUDLEY COLLEGE OF TECHNOLOGY

Reporting accountant's assurance report on regularity to the Corporation of Dudley College of Technology ("the College") and Secretary of State for Education acting through Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 6 April 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 Dudley College of Technology during the period 1 August 2021 to 31 July 2022 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the corporation of Dudley College of Technology 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 Dudley College of Technology 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 Dudley College of Technology and ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Dudley College of Technology and the reporting accountant

The Corporation of Dudley College of Technology 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 is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

DUDLEY COLLEGE OF TECHNOLOGY

Reporting accountant's assurance report on regularity to the Corporation of Dudley College of Technology ("the College") and Secretary of State for Education acting through Education and Skills Funding Agency (ESFA)

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

The work undertaken to draw our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across the College's activities;
- Evaluation and validation of the processes and controls in place to ensure regularity and propriety for the use of public funds, including the consideration of the College's self-assessment questionnaire (SAQ);
- Testing transactions with related parties;
- Sample testing of income to ensure that funds have been applied for the purposes that they were awarded, focused on areas assessed as high risk;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referenced to our regularity report.

The list is not exhaustive, and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Code.

Conclusion

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

Bishop Fleming LLP

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Worcester

14 December 2022

DUDLEY COLLEGE OF TECHNOLOGY

Consolidated and College Statement of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2022		Year ended 31 July 2021	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	42,369	42,369	41,814	41,814
Tuition fees and education contracts	3	2,135	2,135	2,733	2,733
Other income	5	2,649	2,649	1,695	1,695
Investment income	6	-	-	-	-
Total income		47,153	47,153	46,242	46,242
EXPENDITURE					
Staff costs	7	31,840	31,840	33,424	33,424
Other operating expenses	8	12,255	11,974	12,182	12,182
Depreciation and amortisation	11	4,504	4,504	3,814	3,814
Interest and other finance costs	9	1,363	1,363	1,207	1,207
Total expenditure		49,962	49,681	50,627	50,627
Deficit on continuing operations after depreciation but before disposal of assets and tax		(2,809)	(2,528)	(4,385)	(4,385)
Loss on disposal of assets	11	(148)	(148)	(59)	(59)
Deficit on continuing operations after depreciation and disposal of assets but before tax		(2,957)	(2,676)	(4,444)	(4,444)
Taxation	10	-	-	-	-
Deficit on continuing operations after depreciation and tax		(2,957)	(2,676)	(4,444)	(4,444)
Actuarial gain in respect of pension scheme	17	37,433	37,433	664	664
Total Comprehensive Income		34,476	34,757	(3,780)	(3,780)

The income and expenditure account is in respect of continuing activities.

DUDLEY COLLEGE OF TECHNOLOGY

Consolidated and College Statements of Changes in Reserves

Group	Income and Expenditure account £'000	Revaluation reserve £'000	Total £'000
Balance at 1 August 2020	(17,778)	5,944	(11,834)
Deficit from the income and expenditure account	(4,444)	-	(4,444)
Other comprehensive income	664	-	664
Transfers between revaluation and income and expenditure reserves	161	(161)	-
Total comprehensive income for the year	(3,619)	(161)	(3,780)
Balance at 31 July 2021	(21,397)	5,783	(15,614)
Deficit from the income and expenditure account	(2,957)	-	(2,957)
Other comprehensive income	37,433	(46)	37,387
Transfers between revaluation and income and expenditure reserves	161	(161)	-
Total comprehensive income for the year	34,637	(207)	34,430
Balance at 31 July 2022	13,240	5,576	18,816
College			
Balance at 1 August 2020	(17,739)	5,944	(11,795)
Deficit from the income and expenditure account	(4,444)	-	(4,444)
Other comprehensive income	664	-	664
Transfers between revaluation and income and expenditure reserves	161	(161)	-
Total comprehensive income for the year	(3,619)	(161)	(3,780)
Balance at 31 July 2021	(21,358)	5,783	(15,575)
Deficit from the income and expenditure account	(2,676)	-	(2,676)
Other comprehensive income	37,433	(46)	37,387
Transfers between revaluation and income and expenditure reserves	161	(161)	-
Total comprehensive income for the year	34,918	(207)	34,711
Balance at 31 July 2022	13,560	5,576	19,136

DUDLEY COLLEGE OF TECHNOLOGY

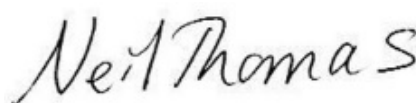
Consolidated and College Balance Sheets at 31 July 2022

	Notes	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Non current assets					
Tangible assets	11	82,852	82,852	83,232	83,232
		82,852	82,852	83,232	83,232
Current assets					
Trade and other receivables	13	1,466	1,781	3,102	3,141
Cash and cash equivalents	18	7,620	7,620	4,956	4,956
		9,086	9,401	8,058	8,097
Creditors – amounts falling due within one year	14	(10,298)	(10,293)	(10,493)	(10,493)
Net current liabilities		(1,212)	(892)	(2,435)	(2,396)
Total assets less current liabilities		81,640	81,960	80,797	80,836
Creditors – amounts falling due after more than one year	15	(51,149)	(51,149)	(51,087)	(51,087)
Provisions					
Defined benefit obligations	17	(10,136)	(10,136)	(43,462)	(43,462)
Other provisions	17	(1,539)	(1,539)	(1,862)	(1,862)
Total net assets/(liabilities)		18,816	19,136	(15,614)	(15,575)
Unrestricted reserves					
Income and expenditure account		13,240	13,560	(21,397)	(21,358)
Revaluation reserve		5,576	5,576	5,783	5,783
Total unrestricted reserves		18,816	19,136	(15,614)	(15,575)

The financial statements on pages 33 to 63 were approved and authorised for issue by the corporation on 13 December 2022 and were signed on its behalf on that date by:



D Whatton
Chair of the Corporation



N Thomas
Accounting Officer

DUDLEY COLLEGE OF TECHNOLOGY

Consolidated Statement of Cash Flows

	Notes	2022 £'000	2021 £'000
Cash inflow from operating activities			
Deficit for the year		(2,957)	(4,444)
Adjustment for non-cash items			
Depreciation		4,504	3,814
Decrease in debtors		426	498
Increase/(Decrease) in creditors due within one year		1,618	(866)
increase in creditors due after one year		13	63
Increase in provisions		3,784	3,188
Adjustment for investing or financing activities			
Investment income		-	-
Interest payable		613	625
Deferred Capital grants released in income		(1,173)	(532)
Loss on sale of fixed asset		148	59
Net cash flow from operating activities		<u>6,980</u>	<u>2,404</u>
Cash flows from investing activities			
Deferred Capital grants received		3,800	15,288
Proceeds from sale of fixed assets		175	85
Payments made to acquire fixed assets		(6,598)	(15,889)
		<u>(2,623)</u>	<u>(516)</u>
Cash flows from financing activities			
Interest paid	9	(574)	(584)
Interest element of finance lease rental payments	9	(39)	(41)
New unsecured loans		-	-
Repayments of amounts borrowed	16	(1,068)	(583)
New finance leases	16	604	1,193
Capital element of finance lease rental payments		(616)	(585)
		<u>(1,693)</u>	<u>(600)</u>
Increase in cash and cash equivalents in the year		<u>2,664</u>	<u>1,288</u>
Cash and cash equivalents at beginning of the year	18	4,956	3,668
Cash and cash equivalents at end of the year	18	7,620	4,956

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

I. Statement of Accounting Policies

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

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2021-2022 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 College's accounting policies.

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cash flows, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The financial statements have been prepared on a going concern basis which the Corporation considers to be appropriate for the following reasons.

The Corporation has prepared cash flow forecasts for a period of 19 months from the date of approval of these financial statements. After reviewing these forecasts, the Corporation is of the opinion that, taking account of severe but plausible downsides, the College will have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements.

In reaching this conclusion the Corporation has taken the following factors into account:

- the uncertain impact on recruitment for apprenticeships, adults, commercial and Higher Education learners resulting from the current economic downturn;
- additional costs as a result of changes in government fiscal and education policy; and
- the potential impact on the college's ability to meet its performance indicators.
- In all scenarios modelled the College remains in compliance with its loan covenants.

The analysis of the college's ongoing liquidity position confirms the following indicators at 31 July 2022 and 31 December 2023, being 12 months following approval of these financial statements:

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

I. Statement of Accounting Policies (continued)

Indicator	31 July 2022 £'000	31 December 2023 £'000
Cash balance	£6.859m	£5.701m
Cash days	55	44
Borrowing	£17.386m	£16.430m
Borrowing as a percentage of income	37.8%	33.1%

Consequently, the Corporation is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Basis of Consolidation

The consolidated financial statements include the College and its subsidiary, Transformational Technologies Partnership Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the students' union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2021.

Recognition of Income

Revenue grant funding

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

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

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

Grants (including research grants) from non-government sources are recognised in income when the college is entitled to the income and performance related conditions have been met.

Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

I. Statement of Accounting Policies (continued)

Capital grant funding

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

Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Fee income

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

Investment income

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

Agency arrangements

The College acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to learners are excluded from the Income and Expenditure account and are shown separately in Note 25, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant and the discretionary bursary funding for adults, which from 2017/18 is now incorporated into the Adult Education Budget Block Grant. The College employs three members of staff dedicated to the administration of Learner Support Fund applications and payments.

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

I. Statement of Accounting Policies (continued)

Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme and the assets are held separately from those of the College in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities.

In determining the valuation of the West Midlands Pension Fund, a number of key assumptions have been made. The key assumptions, which are given below, are largely dependent on factors outside the control of the college:

- Discount rate;
- inflation rate; and
- life expectancy.

The asset values are reported using estimated asset allocations prepared by the scheme Actuary. This asset value is calculated at each triennial valuation. Thereafter it is rolled forward to accounting dates using investment returns, contributions received, and benefits paid out. During each annual reporting period between triennial valuations, asset returns are estimated using 11 months of market experience and one month of extrapolation being assumed. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs.

Past service costs are recognised immediately in the income and expenditure account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Short term Employment benefits

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

Enhanced Pensions

The actual cost of any enhanced on-going pension to a former member of staff is paid by the College annually. In the case of staff who were members of the TPS, an estimate of the expected future cost of any enhancement to the on-going pension of a former member of staff is charged in full to the income and expenditure account in the year that the member of staff retires.

In subsequent years a calculated charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

I. Statement of Accounting Policies (continued)

In the case of staff who were members of the WMMAPF, the effect of payment of enhanced pensions is dealt with through the FRS102 entries.

Tangible Fixed Assets

Tangible fixed assets are stated at deemed 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 2019 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

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 income and expenditure account 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.

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable. Impairment testing will be carried out on all classifications of property and also any individual non-property assets with a net book value in excess of £100,000 at the reporting date.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

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

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

I. Statement of Accounting Policies (continued)

Subsequent expenditure on existing fixed assets

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

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

Buildings owned by third parties

Where land and buildings are used, but the legal rights are held by a third party, for example a charitable trust, they are only capitalised if the College has rights or access to on-going future economic benefit.

These assets are then depreciated over their expected useful economic life.

Equipment

Equipment costing less than £3,000 per individual item is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority and valued at more than £1,000 per item is included in the balance sheet at valuation.

Inherited equipment is depreciated on a straight-line basis over its remaining useful economic life to the College of ten years. All other equipment is depreciated over its useful economic life as follows:

- General Equipment, Fixtures and Fittings, 10 per cent per year on a straight-line basis.
- Motor Vehicles, 25 per cent per year on a straight-line basis.
- Computer Equipment, 20 per cent per year on a straight-line basis.
- Computer Software, 50 per cent per year on a straight-line basis.

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the relevant depreciation policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment. Depreciation is charged from the month of acquisition to the month of disposal.

Borrowing costs

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

Leased Assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term.

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

I. Statement of Accounting Policies (continued)

The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

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

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

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

Investments

The College owns 100% of the issued share capital of Dudley College Enterprises Limited which was acquired on 16 March 1993 and is dormant. The College owns 100% of Transformational Technologies Partnership Limited which was incorporated on 8 November 2019 and is limited by guarantee without share capital.

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

Cash and cash equivalents

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

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

Financial liabilities and equity

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

All loans, investments and short-term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost).

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

I. Statement of Accounting Policies (continued)

FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Foreign currency translation

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

Taxation

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

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

The College subsidiary company is subject to corporation tax and VAT in the same way as any commercial organisation.

Deferred Taxation

Deferred taxation is recognised on all timing differences between accounting profits and profits for the calculation of corporation tax that have materialised, but not reversed, at the balance sheet date. Deferred tax is not recognised on permanent differences.

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of 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.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

I. Statement of Accounting Policies (continued)

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the net 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 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the net pension liability.

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

2. Funding Body Grants

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group £'000	College £'000	Group £'000	College £'000
Recurrent Grants				
ESFA – adult education budget	372	372	415	415
ESFA – 16-18 education budget	27,390	27,390	25,130	25,130
ESFA – Apps	7,143	7,143	8,804	8,804
Devolved Authority – Adult	4,974	4,974	5,145	5,145
Office for Students	248	248	255	255
Non-Recurrent Grants				
ESFA Apprenticeship Non-Levy COVID relief	(90)	(90)	361	361
Specific Grants				
Teachers' Pension Scheme contribution grant	962	962	1,028	1,028
Releases of government capital grants	1,173	1,173	532	532
Free Meals	56	56	54	54
ESFA Projects	141	141	90	90
Total	42,369	42,369	41,814	41,814

3. Tuition Fees and Education Contracts

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group £'000	College £'000	Group £'000	College £'000
Adult education fees	68	68	43	43
Apprenticeship fees and contracts	112	112	102	102
Fees for FE loan supported courses	216	216	407	407
Fees for HE loan supported courses	509	509	702	702
International student fees	37	37	40	40
Total tuition fees	942	942	1,294	1,294
Education contracts	1,193	1,193	1,439	1,439
Total	2,135	2,135	2,733	2,733

4. Grant and Income Fee

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group £'000	College £'000	Group £'000	College £'000
Grant income from the Office for students	248	248	255	255
Grant income from other bodies	41,980	41,980	41,469	41,469
Fee income for taught awards (excl of VAT)	942	942	1,294	1,294
Total	43,170	43,170	43,018	43,018

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

5. Other Income

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group £'000	College £'000	Group £'000	College £'000
Catering and residences	467	467	158	158
Other income generating activities	2,166	2,166	1,079	1,079
Other grant income (Covid-19 Furlough Grant income)	4	4	428	428
Miscellaneous income	12	12	30	30
Total	2,649	2,649	1,695	1,695

The college furloughed staff in roles identified as being unable to support the continued learning of students or not linked to an essential business support service following the impact of COVID-19, including for example: catering staff and full-cost commercial delivery and administration staff, under the government's Coronavirus Job Retention Scheme in 2020/21. The funding received of £4,000 (2020/21: £428,000) relates to staff costs which are included within the staff costs note below as appropriate.

6. Investment Income

	Year ended 31 July 2022		Year ended 31 July 2021	
	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Other interest receivable	-	-	-	-
Total	-	-	-	-

7. Staff Costs

The average number of persons (including senior post-holders) employed by the college during the year, on an average headcount basis, was:

	Group and College	
	2022 No.	2021 No.
Teaching staff	326	328
Non-teaching staff	382	347
	708	675

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

7. Staff Costs (continued)

Staff costs for the above persons

	Group and College	
	2022	2021
	£'000	£'000
Wages and salaries	21,934	23,028
Social security costs	2,079	2,148
Other pension costs	7,813	7,444
Payroll sub total	31,826	32,620
Restructuring costs	14	804
Total staff costs	31,840	33,424

The number of staff the restructuring costs related to was 4 (2021: 46).

The Corporation does not have any salary sacrifice arrangements in place.

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team which comprises the Chief Executive Officer and Principal, Chief Finance Officer, Vice Principal, Executive Director of Estates and Capital Projects, Executive Director of Public Affairs & Marketing, Director of Human Resources and Managing Director of Black Country & Marches Institute of Technology.

	2022	2021
	No.	No.
The number of key management personnel including the Accounting Officer was:	8	8

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

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

7. Staff Costs (continued)

	Key Management Personnel		Other staff	
	2022 No.	2021 No.	2022 No.	2021 No.
£60,001 to £65,000	1	1	5	5
£65,001 to £70,000	1	1	2	-
£70,001 to £75,000	2	1	-	-
£75,001 to £80,000	-	-	-	-
£80,001 to £85,000	-	-	-	-
£85,001 to £90,000	2	3	-	-
£90,001 to £95,000	-	-	-	-
£95,001 to £100,000	-	-	-	-
£115,000 to £120,000	-	1	-	-
£120,001 to £125,000	1	-	-	-
£130,001 to £135,000	-	-	-	-
£140,001 to £145,000	-	-	-	-
£150,001 to £155,000	-	1	-	-
£155,001 to £160,000	1	-	-	-
	<u>8</u>	<u>8</u>	<u>7</u>	<u>5</u>

Key management personnel emoluments are made up as follows:

	2022 £'000	2021 £'000
Salaries	737	766
Payment in lieu of notice	-	144
Employers National Insurance	95	106
Pension contributions	153	156
Total emoluments	<u>985</u>	<u>1,172</u>

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid senior post-holder) of:

	2022 £'000	2021 £'000
Salaries	159	153
Pension contributions	32	31
	<u>191</u>	<u>184</u>

The pension contributions in respect of the Accounting Officer and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and the West Midlands

Metropolitan Authorities' Superannuation Scheme and are paid at the same rate as for other employees.

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

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

7. Staff Costs (continued)

Approach to Remuneration

The College's remuneration committee is concerned with all aspects of the employment of senior post holders, including recruitment, promotion, retention, setting and reviewing performance targets. The committee is also responsible for reviewing and making decisions on the remuneration, terms and conditions of employment of senior post holders, taking account of affordability, comparative information on the remuneration, benefits and conditions of employment from within the further education sector and other organisations of a comparable size/turnover. The Corporation has adopted the AoC's Colleges' Senior Post Holder Remuneration Code and considers that it is compliant with its guidelines.

The Performance Management Policy sets out the framework under which performance reviews for all staff are carried out three times per year and explains the alignment of individual objectives with the College's strategic priorities and plans. In respect of senior post holders, the performance objectives are agreed by the remuneration committee and reports on the termly reviews, including summative reviews, are provided to the committee to inform their decision making in respect of the consideration of salary progression.

The College's Pay Policy, which was last reviewed in January 2021, applies to all staff including senior post holders and in addition the College has adopted a Senior Post Holder Remuneration Policy, which was approved the Corporation in July 2021. In conjunction with the performance management policy, these policies are designed to motivate staff to achieve the College's strategic objectives.

As set out in the Senior Post Holder Remuneration Policy, decisions on the salaries of the Accounting Officer and senior post holders are informed by market data including data on other further education Colleges of a comparable size, institutional and personal performance and affordability. The committee's aim is to pay a competitive salary but a significant part of this is dependent upon performance.

The Chief Executive and Principal has performed very well during 2021/22, with increased challenges posed by the COVID-19 pandemic, meeting the College's objectives and ensuring robust financial health and management, as well as, maintaining quality teaching and learning provision, excellent support for learners and ensuring positive positioning of the College locally, regionally and nationally.

The College does not expect to make special recruitment arrangements outside the standard policy but may do so in exceptional circumstances in order to secure the appointment of the right candidate.

Ratio to median pay of all employees

In addition, in accordance with the College's Senior Post Holder Remuneration Code and the College Accounts Direction, the Corporation is required to disclose the relationship between the

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

7. Staff Costs (continued)

CEO and Principal emoluments and that of all other employees as a pay multiple, expressed as follows:

- CEO and Principal's basic salary divided by the median pay of all other Corporation employees (all on a full-time equivalent basis); and
- CEO and Principal's total emoluments divided by the median pay of all other Corporation employees (all on a full-time equivalent basis).

The College's median pay for all other Corporation employees in 2021/22 was £28,330 per annum (2020/21: £30,652).

The Fair Pay Review published in the Hutton Report for the public sector recommended that an organisation's pay multiple should be no greater than 1:20.

Relationship of CEO and Principal's pay and remuneration expressed as a multiple:

	2022	2021
Principal's basic salary as a multiple of the median of all staff	5.6	5.0
Pension contributions		
Principal and CEO's total remuneration as a multiple of the median of all staff	7.5	6.6

8. Other Operating Expenses

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group £'000	College £'000	Group £'000	College £'000
Teaching costs	1,251	1,251	1,295	1,295
Non-teaching costs	7,465	7,184	7,903	7,903
Premises costs	3,539	3,539	2,984	2,984
Total	12,255	11,974	12,182	12,182

Other operating expenses include:

	2022 £'000	2021 £'000
Auditors' remuneration:		
Financial statements audit*	36	47
Other	6	-
Internal audit**	40	30

* includes £31,975 in respect of the College (2020/21 £47,000)

** includes £40,382 in respect of the College (2020/21 £29,556)

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

9. Interest Payable – Group and College

	2022 £'000	2021 £'000
On bank loans, overdrafts and other loans:		
Ordinary repayable wholly or partly in more than five years	574	584
	<u>574</u>	<u>584</u>
Pension finance costs (note 20)	720	557
Interest on provision for Enhanced pension payments	30	25
On finance leases	39	41
Total	<u>1,363</u>	<u>1,207</u>

10. Taxation

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

11. Tangible Fixed Assets – Group and College

	Freehold land and buildings	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 August 2021	69,147	21,621	19,582	110,350
Additions	1,672	2,786	34	4,492
Transfers	18,869	713	(19,582)	-
Disposals	(235)	(243)	-	(478)
At 31 July 2022	<u>89,453</u>	<u>24,877</u>	<u>34</u>	<u>114,364</u>
Depreciation				
At 1 August 2021	13,041	14,077	-	27,118
Charge for the year	1,845	2,659	-	4,504
Disposals	(42)	(112)	-	(154)
Impairment	31	13	-	44
At 31 July 2022	<u>14,875</u>	<u>16,637</u>	<u>-</u>	<u>31,512</u>
Net book value at 31 July 2022	<u>74,578</u>	<u>8,240</u>	<u>34</u>	<u>82,852</u>
Net book value at 31 July 2021	56,106	7,544	19,582	83,232

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

11. Tangible Fixed Assets – Group and College (continued)

The depreciation charge for the year shown in the Consolidated Income and Expenditure Account comprises:

	2022	2021
	£'000	£'000
Depreciation charge on tangible fixed assets as above	4,504	3,814

Inherited Land and Buildings and other Tangible Fixed Assets inherited from the LEA were valued for the purposes of the Financial Statements at depreciated replacement cost by the Valuation Office.

Land and buildings with a net book value of £142,150 (2021: £146,748) have been partly financed by exchequer funds, through for example the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of the Funding Agreement with the ESFA, to surrender the proceeds.

If the inherited Land and Buildings had not been valued, they would have been included at the following amounts:

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

The net book value of tangible fixed assets includes an amount of £2,351,106 (2021: £2,392,778) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £770,382 (2021: £660,938).

12. Investments

The College owns 100% of the issued £1 shares of Dudley College Enterprises Limited, a company incorporated in England and Wales. This company does not actively trade and is effectively dormant.

The College owns 100% of the issued shares of Dudley Borough College Limited, Dudley Business School Limited, Dudley Metropolitan College Limited, Dudley Sixth Partnership Limited; these companies are non-trading and were dissolved by Companies House on 1 September 2022. Transformational Technologies Partnership Limited is a whole owned subsidiary of the College, limited by guarantee without share capital.

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

13. Trade and other receivables

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Amounts falling due within one year:				
Trade receivables	343	343	734	734
Amounts owed by group undertakings:				
Subsidiary undertakings	-	332	-	39
Amounts owed by the ESFA	546	546	671	671
Sundry debtors	68	68	1,275	1,275
Prepayments and accrued income	509	492	422	422
Total	1,466	1,781	3,102	3,141

14. Creditors: Amounts Falling Due Within One Year

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Bank loans and overdrafts	568	568	568	568
Obligations under finance leases	559	559	586	586
Trade payables	70	70	111	111
Sundry creditors	969	969	1,309	1,309
Other taxation and social security	494	494	486	486
Accruals and deferred income	6,440	6,435	6,550	6,550
Deferred income – government capital grants	1,198	1,198	883	883
Total	10,298	10,293	10,493	10,493

15. Creditors: Amounts Falling Due After More Than One Year

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Bank loans	15,461	15,461	16,529	16,529
Obligations under finance leases	798	798	783	783
Deferred income – government capital grants	34,717	34,717	33,615	33,615
Accruals and deferred income	173	173	160	160
Total	51,149	51,149	51,087	51,087

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

16. Maturity of Debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
In one year or less	568	568	568	568
Between one and two years	568	568	568	568
Between two and five years	5,203	5,203	5,703	5,703
In five years or more	9,690	6,690	10,258	10,258
Total	16,029	16,029	17,097	17,097

Bank loans totalling £16.028m (2021: £17.097m), repayable from 2015, are secured as follows:

- £6.984mm fixed rate, repayable over 5 years (£1.820m), 10 years (£1.820m), 15 years (£1.820m) and more than 15 years (£1.888m);
- £5.545m variable rate of 2.25% over SONIA;
- Revolving Credit Facility £3.5m.

(b) Finance leases

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

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
In one year or less	559	559	586	586
Between two and five years	798	798	783	783
Total	1,357	1,357	1,369	1,369

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

17. Provisions

Group and College	Defined benefit obligations £'000	Enhanced pensions £'000	Total £'000
At 1 August 2021	43,462	1,862	45,324
Expenditure in the period	3,876	(92)	3,784
Transferred to income and expenditure account	(37,202)	(231)	(37,433)
At 31 July 2022	10,136	1,539	11,675

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

17. Provisions (continued)

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in note 20.

The enhanced pension provision relates to the cost of staff who have already left the College's employment. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumption for the calculations are:

	2022	2021
Interest rate	3.3%	1.6%
Inflation rate	2.9%	2.6%

18. a) Cash and Cash Equivalents

Group and College	At 1 August 2021 £'000	Cash flows £'000	At 31 July 2022 £'000
Cash and cash equivalents	4,956	2,664	7,620
Debt due within 1 year	(568)	-	(568)
Debt due after 1 year	(16,529)	1,068	(15,461)
Total	(12,141)	3,732	(8,409)

18. b) Analysis of changes in net debt

Group	At 1 August 2021 £'000	Cash flows £'000	Other changes £'000	At 31 July 2022 £'000
Cash and cash equivalents				
Cash at bank and in hand	4,956	2,664	-	7,620
	4,956	2,664	-	7,620
Borrowings				
Debt due within one year	(568)	568	(568)	(568)
Debt due after one year	(16,529)	500	568	(15,461)
	(17,097)	1,068	-	(16,029)
Total	(12,141)	3,732	-	(8,409)

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

19. Capital Commitments

	Group and College	
	2022	2021
	£'000	£'000
Commitments contracted for at 31 July	1,125	1,471

20. Defined Benefit Obligations

The College's employees belong to two principal pension schemes: the Teachers' Pensions Scheme England and Wales (TPS) for academic and related staff; and Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Midlands Pension Fund. Both are defined-benefit schemes.

Total pension cost for the year	2022	2021
	£'000	£'000
Teachers' Pension Scheme: contributions paid	2,706	2,744
Local Government Pension Scheme:		
Contributions paid	1,969	2,053
Deficit recovery/other movement	(18)	(81)
FRS 102 (28) charge	3,156	2,720
Charge to the Statement of Comprehensive Income	5,107	4,692
Enhanced pension charge to Statement of Comprehensive Income	-	8
	7,813	7,444

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

Contributions amounting to £211,000 (2021: £205,000) were payable to the LGPS scheme and are included within creditors.

Teachers' Pension Scheme

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

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

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

20. Defined Benefit Obligations (continued)

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

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

The latest actuarial review of the TPS was carried out as at 31 March 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 (compared to 16.48% during 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021/22 academic year.

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

The pension costs paid to TPS in the year amounted to £989,000 (2021: £1,490,000).

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by Wolverhampton City Council. The total contribution made for the year ended 31 July 2022 was £2,516,547 (of which employer's contributions totalled £1,971,766 and employees' contributions totalled £544,781). The agreed contribution rates for future years are 20.3% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Deficit contributions

The College has entered into an agreement with the LGPS to make additional contributions of £289,000 per annum in addition to normal funding levels until the next full valuation at which point the situation will be reviewed.

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2022 by a qualified independent actuary:

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

20. Defined Benefit Obligations (continued)	At 31 July 2022	At 31 July 2021
Rate of increase in salaries	3.7%	3.9%
Rate of increase for pensions in payment/inflation	2.7%	2.9%
Discount rate for scheme liabilities	3.5%	1.6%
Inflation assumption	2.7%	2.9%
Commutation of pensions to lump sums	50%	50%

The College has updated its approach to setting RPI and CPI inflation in light of the RPI reform proposals published on the 4th September 2019 by the UK Chancellor and UK statistics Authority.

The College continued to set RPI inflation in line with the market break-even expectations less an inflation risk premium. The inflation risk premium has been increased from 0.2% at 31 December 2018 to 0.4% at 31 December 2019, reflecting an allowance for additional market distortions caused by the RPI referral proposals. For CPI, the College has proposed a long term gap between RPI and CPI of 80 basis points, compared to the 100 basis points at the prior year end.

The estimated impact of the change in the methodology is approximately a £4.25m increase in the defined benefit obligation in respect of the LGPS scheme.

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

	At 31 July 2022	At 31 July 2021
Retiring today		
Males	21.20	21.60
Females	23.60	24.00
Retiring in 20 years		
Males	22.90	23.40
Females	25.40	25.80

The College's share of assets and liabilities in the scheme were:

	Percentage of fund assets at 31 July 2022	Value at 31 July 2022 £'000	Percentage of fund assets at 31 July 2021	Value at 31 July 2021 £'000
Equities	65%	39,399	61%	35,346
Government Bonds	23%	13,941	14%	8,347
Property	8%	4,849	7%	4,076
Cash	4%	2,425	18%	10,257
Total market value of assets		60,614		58,026
Actual return on plan assets		1,394		8,186

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

20. Defined Benefit Obligations (continued)

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

	2022	2021
	£'000	£'000
Fair value of plan assets	60,614	58,026
Present value of plan liabilities	(70,700)	(101,429)
Present value of unfunded liabilities	(50)	(59)
Net pensions liability	<u>(10,136)</u>	<u>(43,462)</u>

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

	2022	2021
	£'000	£'000
Current service cost	5,125	4,766
Past service cost	13	183
Total operating charge	<u>5,138</u>	<u>4,949</u>

Past service costs above include £Nil (2021: £Nil) in relation to the estimated impact of the recent McCloud judgement. This represents approximately Nil% (2021: Nil%) of total liabilities.

Amounts included in investment income

	2022	2021
	£'000	£'000
Net interest income	<u>(720)</u>	<u>(557)</u>

Amounts recognised in other comprehensive income

	2022	2021
	£'000	£'000
Return on pension plan assets	398	7,496
Experience losses arising defined benefit obligations	-	1,531
Changes in assumption underlying the present value of plan liabilities	36,804	(8,363)
Amount recognised in Other Comprehensive Income	<u>37,202</u>	<u>664</u>

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

20. Defined Benefit Obligations (continued)

Movement in net defined benefit liability during the year

	2022 £'000	2021 £'000
Deficit in scheme at 1 August	(43,462)	(40,849)
Movement in year:		
Current service cost	(5,125)	(4,766)
Employer contributions	1,982	2,236
Past service cost	(13)	(183)
Admin expenses	-	(7)
Net interest on the defined benefit liability	(720)	(557)
Actuarial loss	37,202	664
Liabilities assumed on settlements	-	-
Net defined benefit liability at 31 July	<u>(10,136)</u>	<u>(43,462)</u>

Asset and Liability Reconciliation

Movement in the present value of defined benefit obligations were as follows:

	2022 £'000	2021 £'000
Defined benefit obligations at start of period	101,488	89,524
Current service cost	5,125	4,766
Interest cost	1,658	1,247
Contributions by Scheme participants	545	581
Changes if financial assumptions	(36,600)	9,710
Changes in demographic assumptions	(404)	(1,347)
Other experience	200	-
Experience losses arising defined benefit obligations	-	(1,531)
Estimated benefits paid	(1,268)	(1,638)
Past Service cost	13	183
Curtailments and settlements	(7)	(7)
Liabilities assumed on settlements	-	-
	<u>70,750</u>	<u>101,488</u>
	2022 £'000	2021 £'000
Fair value of plan assets at start of period	58,026	48,675
Interest on plan assets	938	690
Return on plan assets less interest	398	7,496
Other actuarial loss	-	-
Administration expenses	-	(7)
Employer contributions	1,982	2,236
Contributions by Scheme participants	545	581
Estimated benefits paid	(1,275)	(1,645)
Settlement prices received	-	-
Assets at end of period	<u>60,614</u>	<u>58,026</u>

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

20. Defined Benefit Obligations (continued)

The estimated value of employer contributions for the year ended 31 July 2022 is £1,975,000.

21. Post-Balance Events

On 29 November 2022 the Office for National Statistics published its decision to reclassify the statutory further education sector, which includes sixth form colleges, into the central government sector. The government have confirmed that colleges will retain their surpluses and be able to carry them over from one year to the next, but the transfer to the public sector will mean that colleges will be subject to the public sector framework for financial management as set out in the Managing Public Money document published by HM Treasury.

22. Lease Obligations

The Group and College has no operating leases at 31 July 2022 (2021: £Nil).

23. Contingent Liabilities

The Group and College had no contingent liabilities at 31 July 2022 (2021: £Nil)

24. Related Party Transactions

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

The total expenses paid to or on behalf of the Governors during the year was £58; 1 governor (2021: £Nil governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2021: None).

Transactions with the ESFA and OfS are detailed in notes 2, 3 and 4.

In September 2017, the College became the sponsor of a newly created multi academy trust called Dudley Academies Trust, which has brought together four central Dudley secondary schools, Castle High School and Visual Arts College (now called St. James' Academy), The High Arcal School (now called Beacon Hill Academy), Hillcrest School and Community College (now called The Link Academy) and The Holly Hall Academy (now called Pegasus Academy).

DUDLEY COLLEGE OF TECHNOLOGY

Notes to the Financial Statements for the year ended 31 July 2022

24. Related Party Transactions (continued)

The Service Level Agreement in respect of support services and supplier staff time provided to Dudley Academies Trust by the College for the year 2021/22 amounted to £367,000 (2020/21: £363,000). This has been invoiced and appears in these financial statements.

25. Amounts disbursed as agent

Learner support funds	2022 £'000	2021 £'000
Balance unspent as at 1 August, included in creditors	596	1
16-18 bursary grants	<u>1,134</u> 1,730	<u>846</u> 847
Disbursed to students	(922)	(209)
Administration costs	<u>(47)</u>	<u>(42)</u>
Balance unspent as at 31 July, included in creditors	<u>761</u>	<u>596</u>

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the income and expenditure account. The income and expenditure consolidated in the College's financial statements relates to the discretionary bursary funding for adults, which is now incorporated into the Adult Education Budget and is included in the Devolved Authority – Adults income line in note 2.