

HOPWOOD HALL COLLEGE

Members' Report and Financial Statements

For the Year Ended July 2023



Transforming Lives
Through Learning



**Hopwood Hall College
& University Centre**

Key Management Personnel, Board of Governors and Professional Advisers

Key Management Personnel

Key management personnel are defined as members of the College's Senior Leadership Team. In 202/23, these were as follows: Position	Name	Date Appointed/Resigned
Principal (Senior postholder)	Julia Heap	Continuing
Deputy Principal (Senior postholder)	Andrea Murphy	Resigned 14/7/23
Executive Director of Finance & Estates (Senior postholder)	Jo Bentley	Continuing
Executive Director Business & Student Support	Caroline Street	Continuing
Executive Director Performance, Planning & Information	Matthew Taylor	Continuing
Assistant Principal- Quality	Liz Duncan	Continuing
Assistant Principal - Curriculum	Greg Scully	Continuing
Executive Director Apprenticeships, Business Development & Future Skills	Jo Taylor	3/01/23

Board of Governors

A full list of Governors is given on pages 19 to 21 of these financial statements.

Professional Advisers

Financial statements and regularity auditors: Wylie and Bisset (Audit) Limited
168 Bath Street
Glasgow
G2 4TP

Internal auditor: ICCA
11th Floor McLaren
46 The Priory Queensway
Birmingham
B4 7LR

Bankers: Lloyds Bank
8th Floor, 40 Spring Gardens
Manchester
M2 1EN

Key Management Personnel, Board of Governors and Professional Advisers (continued)

Bankers:

Barclays Corporate Bank
1st Floor
3 Hardman Street
Spinningfields
Manchester
M3 3HF

Solicitors:

Eversheds
Eversheds House
70 Great Bridgewater Street
Manchester
M1 5ES

Molesworths Bright Clegg
Octagon House
25-27 Yorkshire Street
Rochdale
OL16 1RH

Members' Report and Financial Statements

Contents

Operating and Financial Review	6
Statement of Corporate Governance and Internal Control	19
Governing Body's Statement on the College's Regularity, Propriety and Compliance with Funding Body Terms and Conditions of Funding	26
Statement of Responsibilities of the Members of Corporation	27
Independent Auditor's Report	29
Reporting Accountant Regularity Assurance Opinion	33
Consolidated Statements of Comprehensive Income and Expenditure	35
Consolidated Statement of Changes in Reserves	36
Balance Sheets as at 31 July	37
Consolidated Statement of Cash Flows	38
Notes to the Accounts	39

Members' Report

Operating and Financial Review

Nature, Objectives and Strategies

The members present their report and the audited financial statements for the year ended 31 July 2023.

Legal status

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

On 29th November 2022, the Office for National Statistics reclassified all college corporations as public sector institutions and this prompted the Department for Education to introduce some new rules for colleges which will take effect, some immediately and others during 2023.

Mission

The College's vision as approved by its members is:

Bringing out the best in you!

- We work with our community and have restless ambition to raise aspirations by encouraging and enabling people of all ages. We provide inspiring opportunities for all to thrive in life and work and make a positive impact across the Borough of Rochdale, Greater Manchester and beyond.

Values

Integrity – We do the right thing; our learners and our community are at the heart of all we set out to achieve. Our learner-centered approach underpins everything we accomplish.

Nurturing – We empower staff and learners to build autonomy and be the drivers of their own destinies, developing resilience, pride and confidence in life, learning and work.

Enjoyment – Success and achievements are encouraged, recognised and celebrated in our thriving College community.

Ambition – We encourage learners and staff to have the courage to aim high, push their boundaries and achieve higher aspirations.

Sustainability – We are continually working to create a sustainable College that demonstrates an agile curriculum, healthy finances and a positive impact on the environment and economy.

Public Benefit

Hopwood Hall College is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 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 19 to 21.

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

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

- High-quality teaching;
- Widening participation and tackling social exclusion;

Operating and Financial Review (continued)

Implementation of strategic plan

- Excellent employment record for students;
- Strong student support systems; and
- Links with employers, industry and commerce.

The College has adopted and embedded 4 key strategic intentions which are as follows:

1. Providers of excellent education and skills

To have:

- A curriculum that is co-developed and designed with employers and sector skills leads;
- A technical, vocational and professional offer that enables learners to develop, utilising industry standards learning spaces and resources;
- Excellent careers, advice and support that is pivotal to learner success;
- A flexible and professional workforce that keeps pace with industry developments; and
- An innovative pedagogy that supports learners' skills, knowledge and behaviours that enables progression.

2. Champions of inclusivity

To have:

- A personalised learner centred approach that supports the needs of all;
- A culture that promotes equality and celebrates diversity;
- An inclusive College environment that enables learners to be confident and independent members of society;
- A community that has access to digital technology, knowledge and skills; and
- A curriculum offer across all levels that is ambitious and accessible for all.

3. Drivers of economic prosperity

To be:

- The anchor institution that leads local skills, supported and enabled by partners of purpose;
- Enterprising and innovative, delivering a curriculum that contributes to economic growth;
- Driven by labour market information that identifies and supports local, regional and national economic priorities;
- A College that prepares a skilled workforce which meets employer demand; and
- A provider of purposeful lifelong learning.

4. Guardians of our environment

To be:

- Contributors to society's ambition of being net carbon zero;
- Active in minimising our carbon footprint;
- Protectors and conservators of our natural environment;
- Providers of a curriculum that upskills and informs learners regarding the Green Agenda; and
- An organisation that empowers staff and learners' involvement in activities that have a positive impact on our environment.

All of the above are underpinned by:

Sustainable – Growth, finances & estate;

People – Healthy, happy and professional;

Quality – Compliance, Assurance and Improvement.

The College has made considerable progress regarding all of the above. In particular during 2022/23 the College has:

- Achieved an Underlying Group Operating Surplus of £538k and cash reserves of £9.93m by the year end;

- Invested £6.7m in building refurbishment at Middleton campus. This included the completion of the new TEC centre redevelopment and extension of the Refectory to accommodate the significant growth of learners over the last few years which was initially started in January 2022;
- Continued to invest in over £1.5m on equipment and IT equipment to support curriculum developments and ensuring that learners have state of the art equipment to support their learning and studies and address digital poverty across the borough;
- Continued to work with Colleges across Greater Manchester, local partners and providers to ensure that Hopwood Hall College offers a high-quality provision that meets the needs of the learners and skills agenda; and
- Continued to drive forward efficiency and productivity through a well-established business review of all areas within a robust business and curriculum planning process.

Financial objectives

The College's financial objectives are:

- The College wishes to remain financially sound so as to:
 - Provide high quality resources to support teaching and learning;
 - Protect itself from unforeseen adverse changes in enrolments and funding; and
 - Generate sufficient funds to invest in improved accommodation and technology.
- The College wishes to maintain, and strengthen, the confidence of funders, suppliers, bankers and auditors;
- The College wishes to maintain and raise awareness of College staff of the financial environment under which it operates;
- Specifically, these objectives will be achieved by:
 - Maintaining a sound financial base (solvency and liquidity):
 - we will aim to maintain cash days of 30 or more;
 - we will aim to achieve a minimum break-even position before FRS102 & Covid contingency; and
 - we will aim to generate sufficient cash from operating activities to fund the planned investment in property and IT.
 - Improving financial management:
 - we will produce management accounts on a monthly basis incorporating an income and expenditure account, balance sheet, 12 month rolling cash flow forecast;
 - we will adopt and strengthen procedures for testing the desirability and affordability of any proposals which have a financial implication; and
 - we will adopt and strengthen post implementation review procedures to assess the success or otherwise of major investments (building, information technology, staffing, marketing etc.).
 - Maintaining the confidence of funding bodies, suppliers and professional advisors:
 - providing financial and non-financial returns on time and in the agreed format;
 - ensuring all returns requiring certification by auditors are unqualified;
 - adhering to the College's policy to pay all suppliers within 30 days of receipt of an invoice; and
 - improving our systems and internal audit controls.
 - Raising awareness of financial issues:
 - providing advice, guidance and training to staff, management and governors on funding, funding methodologies, budgeting and the College's financial procedures; and
 - providing adequate information to ensure staff, management and governors are kept up to date with the financial position of the College.
 - Improving the stock of College accommodation and equipment
 - generating sufficient funds to ensure the College's specified programme of planned maintenance can be undertaken;

Operating and Financial Review (continued)

- generating sufficient funds to ensure the College can invest in new technology and equipment required to support learning programmes and College administration; and
- ensuring adequate procedures are in place to protect assets from loss, theft and neglect.

Performance indicators

The College receives targets and allocations from its funding bodies on an annual basis. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency (ESFA). The ESFA has assessed the College as having 'Outstanding' financial health grade based on the 2021/22 financial statements. The latest College three-year forecast predicts this 'Outstanding' rating to continue.

In 2022/23 the College:

- Enrolled 3,160 16-19s generating £19.8m funding;
- Achieved funding generation for Adult Education Budget of £4.5m;
- Generated income of £1.8m in relation to Apprenticeships;
- 88.5% achieved a positive destination (internal research survey); and
- To return an ESFA financial health rating of "Outstanding" in 2022/23 based on the latest financial forecasts submitted to the ESFA and actual financial performance during 2022/23.

Financial position

Financial results

The College has adopted the Performance reporting methodology under FRS102. In 2022/23, the College Group generated a surplus of £1,030k after disposal of assets (2021/22: operating loss of £1,046k after asset disposal). The Group's underlying financial performance for the year (before loss on disposal of assets, FRS102 Pension related costs, revaluation release, capital grants released) reported an Adjusted Group Operating Surplus of £538k compared to an original budgeted break-even budget for 2022/23. This year's pension service costs (net cost of £388k) experienced are outside of the College's direct control and therefore impossible to budget each year. Note that whilst the net charge to the Income & Expenditure account has decreased compared to last year (2021/22: Net cost of £2.6m), the pension liability has also improved and now reporting on the actuary report a net asset position of £9.5m. However, this net asset position has not been recognized on the balance sheet as the creation of such an asset for accounting purposes does not give legal right there to.

Liquidity is strong and the College has accumulated reserves of £39.1m and cash balances of £9.93m. Tangible fixed asset additions during the year amounted to £8.2m. This was split between buildings works of £6.7m and equipment purchased of £1.5m. The major building improvements were in the TEC centre redevelopment project and extension to the Refectory and some minor refurbishments.

The College has significant reliance on the Education Skills Funding Agency (ESFA) for its funding. In 2022/23 the funding body provided 67.6% of the College's total income (2021/22: 71%). This is a decrease on the previous year due to increase in 'other income' streams including return of commercial income post Covid and the increase in GMCA adult grants following receipt of exceptional support grant in the year.

The College has one subsidiary company, Quest (Pennine) Ltd. The principal activities of the company are the provision of educational training, conference events and sports lettings. Any surpluses generated by the company are transferred to the College under deed of covenant. In the current year, the surplus generated was £101k (2021/22: £109k).

Operating and Financial Review (continued)

Financial position (continued)

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Principal/Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the funding bodies' Financial Memorandum.

Cash Flows and Liquidity

The net cash inflow from operating activities of £3.5m is strong although the College is continuing to implement an ambitious Estate Strategy with significant capital commitments over the next 12 months which will reduce the cash reserves in the short to medium term.

The College is unable to secure any further bank loans following the Insolvency regime as the banks have no appetite to award new loans to the FE sector. The College has secured approximately 10% of the TEC centre redevelopment from the Greater Manchester Combined Authority and the remainder is being funded from the college's own cash reserves. ESFA have part funded the T level Science project with match funding from cash reserves.

Reserves Policy

The College recognises that it has two major sources of income and these are not guaranteed. It is crucial therefore to ensure there are sufficient reserves to support the College while other sources of income are secured and fundraising is considered, or to allow the College to wind up while meeting its obligation to staff and service users, if existing sources of income are lost.

To avoid closure if funding difficulties were to occur, the Board of Governors has agreed to keep a certain level of financial reserves to ensure that the main operations continue. It has been calculated that reserves of £31m would be needed to continue operations for at least 12 months. The reserves will be built up from the unrestricted (earned) income.

The unrestricted reserves as reported in this Statement of Accounts are £34.7m which equates to approximately 14 months of operations. This level of unrestricted reserves ensures financial sustainability and protects the College's going concern.

Operating and Financial Review (continued)

Current and Future Development and Performance

Student Numbers

The College enrolled 3,160 learners 16-19 learners, against a lagged learner number contract of 3,010. Adult enrolment stands at 2,420 learners studying adult learning programmes and 2,899 enrolled on Community Learning provision. There were also 480 apprentices in-learning.

Student Achievements

The College's headline success rate for Education and Training provision is currently 85.4% with continuing to improve in value added which measures the progress made by individual learners. The key stage 5 value added performance for 2022/23 is strong for 2010 specifications with ALPS (Advanced Level Performance system) grade 3 (within the top 25% in England) and grade 7 for 2016 specifications. Apprenticeship achievement rates are at 50%.

Curriculum Developments

Provision in the College continues to meet the needs of a number of distinct groups: 16-18 year olds who are mainly full-time students at the College; those aged 19+ who attend either part-time or full-time provision either at the main College campuses or community venues, Higher Education students and those who are employed and attend the College as part of their work-based training as well as programmes for unemployed learners. The college curriculum developments target the needs of all our learner groups, ensuring they have an excellent educational experience at the college and make the necessary progress to take the next steps in their educational and career journey.

Each curriculum area within the college offers provision from Level 1 to Level 3 so that individuals can study at the most appropriate level and progress accordingly. Where appropriate curriculum areas will also offer entry level provision. In some areas, there is also Level 4/5 provision which meets the college's strategic aims to expand the growing HE (Higher Education) provision.

The college has continued to invest significantly in the college infrastructure to ensure all learners have access to high quality learning spaces and industry standard equipment.

This year has seen the practical completion of the £11.7m investment in the college's technology centre, increasing capacity and the range of courses that can be offered. The college now has dedicated spaces for robotics, materials testing and CNC (Computer Numerical Control) machine programming to prepare our learners for the sectors highlighted in the GMCA (Greater Manchester Combined Authority) industrial strategy. We also have new dedicated spaces to support our building services provision for full-time, part-time and apprenticeship learners.

The college continues to expand its T level offer and last academic year saw the college offer 7 T levels with plans to expand this to 19 over the next 3-4 years.

The College also runs commercial outlets including The Riverside Hair and Beauty Salon at the Rochdale campus and The Sports Arena at the Middleton campus. These facilities continue to enhance the learners' experience, providing opportunities for learners to have access to excellent facilities and dedicated learning spaces.

The college was also selected as one of sixteen institutions nationally to be allocated funding for a new building. This was in response to the condition of B block at the Rochdale Campus. The DfE (Department for Education) are leading this project. The new building will provide state-of-the-art facilities for curriculum currently based in the existing B Block at Rochdale. In the last 12 months the college, with support from the DfE, has produced comprehensive designs for this new building at the Rochdale campus.

Operating and Financial Review (continued)

Education programmes for young people (previously referred to as study programmes) are fully embedded for all 16–19 learners. English and Mathematics and work experience continue to be mandatory components of these programmes. The previous investment in the Learning Resource Centres and the further development of these has ensured all full-time learners are able to engage in some excellent curriculum-based activities during their weekly I-Learning sessions. This wrap around provision will be expanded next year to include additional time for the 16-19-year olds not studying maths and English resits to further expand their study and employability skills.

Growth in apprenticeships continues to be a key national and College priority. The delivery of apprenticeships, workplace learning and skills for employment programmes are managed and delivered through our business training arm; Training@Hopwood. Training@Hopwood has had a full root and branch review to address some legacy issues in relation to employer relationships and quality of provision. This has led to a streamlined and focused offer that meets the skills need of Rochdale and Greater Manchester and is ready to adapt to changes in national policy and local and regional skills needs.

The College continues to offer a broad range of enrichment and engagement activities and has recently restructured through a curriculum review. The College continues to maintain a strong focus on year-on-year improvement in retention, pass rates and achievement rates. The Senior Leadership team within the College has been strengthened with the addition of an Assistant Principal – Curriculum.

The College continues to evaluate the quality of teaching, learning and assessment via a departmental review procedure which is aligned to the Education Inspection Framework. There is a quality assurance process for the improvement of teaching, learning and assessment. The quality assurance improvement process assesses the effectiveness of the teaching and learning that is taking place and the quality of our learners' experience. This highlights best practice and staff development needs and contributes to the overall performance management of employees. The quality assurance of teaching, learning and assessment grades will inform both departmental and the College's self-assessment grades. Department reviews are led by a team of current practitioners and have annual and ongoing training to ensure they are skilled in observations and providing feedback to staff. The department review process also includes marked work scrutiny and capturing the views of learners to measure ongoing improvements in teaching, learning and assessment. The Education Inspection Framework incorporates 'deep dives' into its assessment of the quality of education rather than a reliance on lesson observation. The College has 1 Quality Improvement Leader and 3 Advanced Practitioners who support quality improvements across the curriculum and apprenticeships.

During 2022/23, the college had a successful Ofsted visit achieving a grade of GOOD across all the judgements and a STRONG contribution to meeting skills needs within the Education Inspection Framework.

To meet employer needs and respond to Local Market Intelligence (LMI) the College's curriculum teams continue to develop new curriculum offers such as T levels, Level 5 Teaching, a range of Built Environment courses, Esports and various Access to Higher Education courses. In addition, the College working with the Open University to develop a Foundation Degree in Health and a Top up in Animal Management.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During

Operating and Financial Review (continued)

the accounting period 1 August 2022 to 31 July 2023, the College paid 85% of its invoices within 30 days (2022: 86%). The College incurred no additional costs in respect of late payment for this period however this related to an overpayment which the college is currently in the process of recovering.

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.

The College allows UCU representatives 4 hours of teaching remission per week. This will allow for a total of 6 hours of dedicated time for union duties including Health & Safety representation.

Post Balance Sheet Events

There are no significant post balance sheet events

Future Developments

The college has a well-established curriculum planning process to ensure that the curriculum offer meets the needs of the local and regional economy. The college references the GMCA (Greater Manchester Combines Authority) Industrial strategy, Greater Manchester LSIP (Local Skills Improvement Plan), economic data and the views of a range of local employers.

This year will see the college expand its T level offer to 11 pathways covering Engineering, Health, Digital, Science, Building Services Engineering, Business and Accounting.

In preparation for further T level roll out the college will undertake the refurbishment of a further two curriculum areas.

The first will bring back into use an additional building at the Middleton site. This will improve the infrastructure for Built Environment pathways and further enhance our Engineering courses. The classrooms within the development will include industry standard digital environments to support CAD (Computer Aided Design) and CAM (Computer Aided Manufacturing) work. The building will also accommodate both AR (Augmented Reality) and VR (Virtual Reality) environments to enhance the student learning experience

The second will see the refurbishment of current classrooms in preparation for T levels in Animal management. The total value of both these investments will be circa £4m

In support of the college's objective to meet the outcomes described within the Greater Manchester LSIP (Local Skills Improvement Plan) the college is looking to secure further investment through the LSIF (Local Skills Improvement Fund).

This funding, if secured, will enable the college to refurbish both college's simulated hospital wards. The refurbishment will see them expanded to accommodate more learners and integrate the latest digital equipment enabling students to develop their skills in preparation for a 21st century healthcare environment.

Finally, the college is working towards the introduction of a suite of retrofit qualifications from level 2 to level 5. The LSIP specifically identifies retrofit skills as an urgent priority and LSIF funding will enable the college to secure the equipment and learning spaces necessary to run these courses.

Operating and Financial Review (continued)

The College continues to provide an excellent education offer to its learners as proven by the success, achievement and retention rates whilst maintaining “outstanding” financial health and excellent facilities. This includes working with our local strategic partners in Rochdale, Rochdale MBC and The Rochdale Sixth Form College, in championing a high quality, sustainable, accessible, academic and vocational place-based offer that meets the needs of the local community.

The College has experience of business transformation programmes over a number of years and continues to anticipate and positively respond to changes across the FE Sector. The College’s future business planning includes maintaining the “Outstanding” financial health status, to continue to reinvest surpluses into the College infrastructure and meet the FE Commissioners Key Performance Indicators that are considered to ensure financial sustainability. As a result, the College considers it appropriate as a ‘going concern’ and is able to continue in operation and meet its liabilities taking account of the current position and principal risks for the period covered by this statement and in the longer term given the high level of revenue reserves and cash reserves should any adverse factors affect the College’s financial position.

Resources

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

Tangible resources include the two College sites, one at Middleton and one in the centre of Rochdale, with a net book value of £38.2m and cash and cash equivalents of £9.93m.

Financial

The College has £5.2m of net current assets. The College has existing loan arrangements with Barclays and Lloyds banks totaling £8.2m and at 31 July 2023, £4.6m was still due for repayment.

People

The average number of staff employed by the College based on the average headcount was 639 during the year (2022: 571).

Reputation

The College has a good reputation locally and nationally and has made considerable progress in raising the profile of the College in the local and business communities.

Principal Risks and Uncertainties

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

Based on the strategic plan, the Risk Management Group monitors the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and termly appraisals review their effectiveness and progress against risk mitigation actions. The Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed by the Audit Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the

Operating and Financial Review (continued)

Principal Risks and Uncertainties (continued)

College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

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

Government funding

The College has considerable reliance on continued government funding through the education sector funding bodies and OfS. In 2022/23, 85% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of a number of issues which may impact on future funding:

- Anticipated cash limited allocations or reductions in Government financial support for the FE sector, particularly those relating to funding for adults including the proposed commissioning of adult learning;
- The extension of FE loans to students less than 24 years;
- The review of Apprenticeships which includes an Employer Levy;
- High levels of competition in the 16-18 market; and
- The introduction of an insolvency regime for the further education and sixth-form sector and that the Government will no longer be the funder of last resort for the FE sector.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training;
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies; partners; employers and all stakeholders;
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding;
- On-going strategies to reduce costs in line with reductions in income; and
- Considerable marketing and communication aimed at promoting the College's continual high performance, positive outcomes for learners and high-quality resources.

Student enrolments

As 58% of the College income relates to 16-18-year-old provision, it is crucial that we maintain, and ideally increase, school-leaver enrolments. There is also a highly competitive market aiming to attract these learners. 15% of our total income comes from Adult Education Budget. Due to changes in Government policy regarding adult loans and strategy relating to apprenticeships, the achievement of allocated targets is very challenging. The risk is mitigated by:

- Highly proactive Marketing Team;
- Focus on developing relationships with schools and employers;
- Working closer with Greater Manchester Commissioning Group in relation to the Adult Budget;
- Annual business planning to identify new areas of provision and decommissioning when required;
- Regular open days and other promotional events;
- An emphasis on developing parallel provision on both campuses where student demand is in evidence; and
- Growth strategy for HE and Apprenticeships to support diversification of income streams.

Operating and Financial Review (continued)

Major Capital Project

The College Estate Strategy has over several years redeveloped a significant amount of our estate. Only 3% of our property is rated Category D2 i.e. unusable including the Milnrow Chapel which is currently mothballed.

The Estate Strategy was recently revised and now covers the period 2022- 2027 and this is now annually refreshed to reflect the continuing progress made against this 5-year strategy with over £13.4m of new capital investment plans. The strategy reflects the changing needs of the curriculum and over the next 5 years will address both suitability and efficiency issues across the whole estate and response to the outcome of the Condition Survey carried out in 2018.

This risk is mitigated by:

- Regular monitoring of the project costs against budget by the Project Steering Group and the Employment & Finance Committee; and
- Monthly management accounts and additional staffing to provide oversight and management.

Other Major Risks

The College monitors other major risks to the operations; future and financial sustainability of the organisation. Risks are reported into the Audit Committee and the Risk Register is presented at each meeting. Other major risks that are currently being reviewed and monitored including the following:

- Failure to recruit teaching staff and work-based tutors in certain areas of curriculum.

These risks are mitigated by:

- Benchmarking of salaries and offering market premiums/succession planning.

Stakeholder Relationships

In line with other Colleges and with universities, Hopwood Hall College has many stakeholders. These include:

- Students;
- Education Sector Funding bodies;
- Staff;
- Local employers (with specific links);
- Greater Manchester Combined Authority;
- Local Authorities;
- Government Offices/ LEPs;
- The local community;
- Other FE institutions, schools and local post 16 providers;
- Trade unions; and
- Professional bodies.

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

Operating and Financial Review (continued)

Equal Opportunities and Employment of Disabled Persons

The College is committed to ensuring equality of opportunity for all who learn and work here. We welcome and celebrate equality and diversity and strive to ensure that everyone in our College is treated with respect and dignity. We endeavour to remove conditions which place people at a disadvantage and seek to ensure that no member of the College community receives less favourable treatment on the grounds of race, disability, sex, age, sexual orientation, gender identity, religion or belief, pregnancy or maternity and socio-economic background.

The College published the updated Equality, Diversity and Inclusion Policy in 2022 which sets out how we continue to strive to meet the legal duty to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between different groups of people. Equality priorities were identified following the publishing of the 2022 EDI Report on the college website to support the College to achieve the strategic intention of "Champions of Inclusivity".

We ensure that the principles of our Equality, Diversity and Inclusion Policy are reflected in all our policies, procedures, practices and services and are part of everything that we do. The College undertakes equality impact assessments on all new and reviewed policies and procedures.

We make sure that our employment practices are fair and promote equality of opportunity; continue to take positive action to address any under representation in the staff, learner and Corporation profile; and to tackle any gaps in the success, retention or achievement rates for equality groups. The College maintains a key focus on equality & diversity through staff training programmes, inductions and opportunities for specific promotion opportunities throughout the year. We also share good practice across the sector with other FE Colleges. The college enhanced its commitment to EDI through the appointment of a dedicated EDI Manager in 2021/22.

Disability Statement

The College seeks to achieve the objectives for Disability Equality as set out in the Equality Act 2010. The College has extended the access and facilities available for students with more complex needs and works closely with local authorities to implement the Special Educational Needs and Disabilities Reform which further extend our legal duties.

The College is a 'Disability Confident' employer demonstrating our commitment to the principles and objectives of the standard. The College considers all employment applications from disabled persons, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues.

We have an EDI Manager, Health and Safety Officer, an Occupational Health Advisor, a student Counsellor and a Safeguarding and Wellbeing Team who provide information, advice and arrange support where necessary for both staff and students. The Safeguarding and Wellbeing Team works with the Learning Support Team who can provide support for students to overcome identified barriers to learning. The learning support staff provide a variety of support for learning including in-class support, one-to-one support and specialist equipment

The College has made a significant investment in the development of specialist resources to support students with learning difficulties and/or disabilities. This includes a Skills for Life area with outstanding and accessible learning spaces, and adaptations to many of the College facilities so that learners have the best opportunities to meet their aspirations. The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy. The College continues to experience significant growth in learners with EHCPs and High Needs learners.

Operating and Financial Review (continued)

Disclosure of Information to Auditors

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

Approved by order of the members of the Corporation on 12th December 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Nazir Afzal', with a horizontal line underneath.

Nazir Afzal
(Chair of the Corporation)

Statement of Corporate Governance and Internal Control

The College endeavours to conduct its business in full accordance with the guidance to Colleges from the Association of Colleges in The Code of Good Governance for English Colleges.

In the opinion of the Governors, the College complies with all the essential provisions of the Code, and has complied throughout the year ended 31 July 2023. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of:

- The Code of Good Governance for English Colleges; and
- the Education & Skills Funding Agency's (ESFA) Audit Code of Practice.
- Following ONS reclassification in November 2022, terms of reference of the Board and sub-committees have been revised to ensure compliance of the new policies and these changes have also be adopted within the revised set of Financial Regulations to ensure full compliance.

The Corporation

The Corporation comprises up to 20 members including 15 Independent members, 2 Staff members, 2 Student members and the Principal/Chief Executive. The Clerk to the Corporation was Fatema Hussein. The overall attendance rate at Corporation Board and Committee meetings during 2022/23 was 78% against an attendance target of 80% due to sickness experienced during the period and unexpected work commitments for some members. The Members who served on the Corporation Board during the year and up to the date of signature of this Members Report were as follows:

Category	Name	Initial Appointment / Re-appointment	Membership Expires	Board Attendance	Committee Attendance
Independent	Nazir Afzal (Corporation Chair / Search & Governance Committee Chair)	01.09.22	31.08.26	100%	Search & Governance (66%) Appraisal & Remuneration (66%)
Independent	Sarfaraz Akram (Employment & Finance Committee Chair)	01.07.2021	30.06.2025	80%	Employment & Finance (100%)
Independent	Susan Ayers	12.05.2021	11.05.2025	100%	(Standards Committee 100%)
Independent	Gill Banks	01/03/2022	28.02.2026	60%	(Standards Committee 50%)
Independent	Helen Barton	10.05.19	31.08.23 (End of Term of Office)	80%	(Standards Committee 25%)
Independent	Cathy Berry	11.10.22	10.10.26	60%	Audit 50%)
Category	Name	Initial Appointment /	Membership Expires	Board Attendance	Committee Attendance

Independent	Paul Dixon	21.05.20	31.08.24	40%	Employment & Finance (75%)
Independent	Clive Reid (Corporation Vice Chair & Audit Committee Chair)	Re-appointed 21.05.20	31.08.24	100%	Audit (100%) Appraisal & Remuneration (100%) Search & Governance (100%) (Standards 100%)
Independent	Martin Salins	01.09.23	31.08.27	40%	Employment & Finance (50%)
Independent	Steven Taylor	-10.05.19	31.08.24	100%	Not a member of any Committees
Independent	Greg Walsh (Second Vice Chair)	10.05.19	31.08.23 (End of Term of Office)	80%	Audit (100%) Appraisal & Remuneration (66%)
Independent	Jenny Worsdale (Standards Committee Chair / Appraisal & Remuneration Committee Chair)	21.05.20	31.08.2024	60%	(Standards 75%) Search & Governance (100%) Appraisal & Remuneration (100%)
Staff (Support)	Julie Burns	08.10.2021	7.10.2025	80%	Employment & Finance (50%)
Staff (Academic)	Matthew Burdaky	08.03.23	07.03.2027	100%	(Standards 100%)
Principal & Chief Executive	Julia Heap	23.04.19	On-going	80%	Search & Governance (100%) Employment & Finance (75%) Standards (100%)
Student	Leon Al Asade	01.12.2022	30.11.24 (Resigned 1 October 2023)	50%	(Standards 100%)
Student	Ricardo Pedrosa Taylor	01.12.2022	30.11.24	75%	(Standards 66%)
Co-opted External Member	Paul Bevan	22.11. 2021	21.11. 2025	N/A	(Employment & Finance 50%)
Co-opted External Member	Jason Lancaster	01.03.2022	28.02.2026	N/A	(Standards 50%)
Co-opted External Member	Gary Graham	01.03.2022	28.02.2026	N/A	(Employment & Finance 50%)

Co-opted External Member	Lee Sugden	22/02/2018	Resigned 07.03.2023	N/A	(Audit 50%)
Co-opted External Member	Chris Ogbekhiulu	01.03.2022	Resigned 31.03.2023	N/A	(Audit 66%)

Appointments made after year end but before Financial Statements signature

Category	Name	Initial Appointment / Re-appointment	Membership Expires	Board Attendance	Committee Attendance
Independent	Jenny Fisher	01.09.2023	31.08.2027	N/A	N/A
Independent	Daniel Parr	01.09.2023	31.08.2027	N/A	N/A
Co-opted Member	Peter Njoroge	01.09.2023	31.08.2027	N/A	N/A

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 Board met on 5 occasions in 2022/23.

The Corporation conducts its business through a number of committees; each committee has terms of reference, which have been approved by the Corporation. In 2022/23 these committees were: Audit; Employment and Finance; Appraisal & Remuneration; Search & Governance and Standards. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website and from the Clerk to the Corporation at:

Hopwood Hall College
Middleton Campus
Rochdale Road
Middleton
M24 6XH

The Clerk to the Corporation maintains a register of financial and personal interests of the Governors and 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 Clerk to the Corporation, who is responsible to the Corporation Board for compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Corporation Board meetings. Ad Hoc briefings are also provided.

The Corporation Board has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation Board 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 Principal/Accounting Officer of the College are separate.

The Clerk to the Corporation has 10 years' experience in FE governance and has provided governance advice and support to more than one FE College. She is appropriately qualified and holds the Advanced Certificate in Corporate Governance, an internationally recognised qualification accredited by the Chartered Governance Institute. During the last 12 months, the Clerk has participated in the following training and development activity; attendance at regional Clerk network meetings, AOC / ETF conferences for Governance Professionals and other relevant CPD events including webinars and briefings.

Appointments to the Corporation

The appointment of Independent Members to the Corporation is a matter for the Corporation Board as a whole acting on the advice of the Search & Governance Committee, which is responsible for the selection and nomination of any new Independent Member for consideration and appointment by the Corporation Board. Staff Members are nominated and elected by the respective staff groups at the College. The Corporation Board is also responsible for ensuring that appropriate Governor training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years and may be considered for re-appointment at the expiry of a term of office.

Corporation Performance

The Corporation operates a traditional structure with 5 Committees and also holds regular training/strategic workshops for Governors on current issues and policies of importance to the College and the Board. The Committees have been established to examine the detail of the key areas of quality of teaching, learning and assessment, the learner experience, outcomes for learners, risk management, governance and systems of internal control; and finance and resources; with the minutes of Committee meetings reported to the Corporation Board. All Governors are invited to attend meetings of the Standards Committee to underline the high priority afforded to the quality of teaching, learning and assessment and outcomes for learners. The report from the Principal & Chief Executive to the Corporation Board considers topics of strategic interest at particular times within the academic year. The business and finance elements of the College are seen as critical to success and the financial position of the College is reported at each meeting of the Corporation Board. The Corporation Board emphasises the culture and values of the College and partnership working based on mutual trust between the senior leadership team and Governors. Governors have a clear focus on teaching and learning, on the experiences of learners, and continuous improvement.

Governors have self-assessed themselves as Good. The governance self-assessment of performance and effectiveness was validated by Ofsted in April 2023 when the College was rated as Good. The inspection report stated; "Governors are ambitious and committed to the Hopwood vision and values: to provide a high-quality education for learners and apprentices. They are active in the College community and regularly visit curriculum areas to gain an understanding of the experience that learners and apprentices receive. They have an accurate oversight of the quality and effectiveness of education at the College"

In addition to the annual self-assessment process, an independent external review of governance is to be undertaken in the 2023/24 academic year and a summary of the findings will be published.

All Corporation and Co-opted members have access to a wide range of training and development to complement their individual roles. Governors have participated in the following activities to further support them in undertaking their roles effectively; AoC new Governor training, in house College induction programme for new Governors, Equality Diversity and Inclusion training, KCSIE (Keeping Children Safe in Education Safeguarding updates), webinars on: changes to the Ofsted Inspection framework, ONS reclassification of Colleges, responding to local skills needs and constructive questioning for Governors.

The Chair of the Audit and Standards Committees also participate in the AoC Audit Chairs network and the Quality & Curriculum Chairs network.

Appraisal & Remuneration Committee

Throughout the year ending 31 July 2023, the College's Appraisal & Remuneration Committee comprised four Independent Members of the Corporation. The Committee's responsibilities include making recommendations to the Corporation Board on the remuneration and benefits attached to the post of the Principal & Chief Executive and other designated senior posts.

Details of the remuneration of the designated senior postholders, including the Principal & Chief Executive for the year ended 31 July 2023 are set out in Note 8 to the financial statements. The Appraisal & Remuneration committee review the Principal's and Senior Post Holders performance against the College KPIs and also their individual performance targets. The Committee annually review pay and reward against the AoC Senior Pay Survey and also comparable sector salaries regionally.

Audit Committee

The Audit Committee comprised of five members during 2022/23 of which three were Members of the Corporation and two were external Co-opted Members with relevant experience. As part of good governance practice, the Corporation appoints Co-opted members to the Committee in order to further strengthen the committee's independence and objectivity. The Principal & Chief Executive and the Corporation Chair are not eligible to be members of the Audit Committee. The Committee operated in accordance with written terms of reference approved by the Corporation Board and the requirements set out in the ESFA Post 16 Audit Code of Practice.

The Audit Committee met four times in 2022/23 and provided a forum for reporting by the College's Internal Auditors, ICCA and Financial Statement and Regularity Auditors, Wylie & Bisset, who have access to the Committee for independent discussion, without the presence of College management if necessary. The Committee also receives and considers reports from the main FE funding body as they affect the College's business.

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

Management is responsible for the implementation of agreed recommendations and the Internal Auditors undertake periodic follow up reviews to ensure such recommendations have been implemented.

The Audit Committee presents an Annual Report to the Corporation Board and the Principal & Chief Executive in her capacity as Accounting Officer. The Committee also advises the Corporation on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work.

Internal Control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal/CEO, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between the College and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or break-downs in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going 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 Hopwood Hall College for the year ended 31 July 2023 and up to the date of approval of the Members Report and Financial Statements.

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 on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2023 and up to the date of approval of the Members Report and Financial Statements. 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 Corporation Board on advice from the Employment & Finance Committee; regular reviews by the Corporation Board of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines; and
- the adoption of formal project management disciplines, where appropriate.

Hopwood Hall College has an Internal Audit Service provider, which operates in accordance with the requirements of the ESFA 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 Board on the recommendation of the Audit Committee. As a minimum, the Head of Internal Audit (HIA) provides the Corporation Board with an annual 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, internal controls and governance processes.

Review of effectiveness

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

- the work of the Internal Auditors;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the College's Financial Statements and Regularity Auditors in their management letters and other reports.

The Principal/CEO/Accounting Officer has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the Internal Auditor and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior leadership team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior leadership

team and the Audit Committee also receive regular reports from the Internal Auditor 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 team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2023 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the senior leadership team, the Audit Committee's Annual Report for 2022/23, the Annual Report from the Internal Auditor, the Management Letter from the Financial Statements & Regularity Auditor taking account of events since 31 July 2023.

Going Concern

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

Approved by order of the members of the Corporation on 12th December 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Nazir Afzal', with a horizontal line underneath.

Nazir Afzal
(Chair of the Corporation)

A handwritten signature in black ink, appearing to read 'Julia Heap', with a horizontal line underneath.

Julia Heap
(Accounting Officer)

Corporation Board's Statement on the College's Regularity, Propriety and Compliance with Funding Body Terms and Conditions of Funding

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

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

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



Julia Heap

(Accounting Officer)

Date: 12 December 2023

Statement of the chair of governors

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



Nazir Afzal

(Chair of the Corporation)

Date: 12 December 2023

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation are required to present audited financial statements for each financial year. Within the terms and conditions of the College's grant funding agreements and contracts with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education and with the College Accounts Direction 2022 to 2023 issued by the ESFA, and which give a true and fair view of the state of affairs of the group and the parent College and the result for that year.

In preparing the group and parent College financial statements, the Corporation is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent College or to cease operations, or have no realistic alternative but to do so.

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 College.

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

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

Approved by order of the members of the Corporation on 12th December 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Nazir Afzal', with a horizontal line underneath the first part of the signature.

Nazir Afzal

(Chair of the Corporation)

Independent Auditor's Report to the Corporation of Hopwood Hall College

Opinion

We have audited the financial statements of Hopwood Hall College (the 'College') and its subsidiary (the 'Group') for the year ended 31 July 2023 which comprise the Consolidated and College Statement of Comprehensive Income, the Consolidated and College Statement of Changes in Reserves, the Consolidated and College Balance Sheet, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group and College's affairs as at 31 July 2023, and of the Group and College's income and expenditure, gains and losses and changes in reserves, and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education; and
- meet the requirements of the Accounts Direction issued by the Office for Students ('the OfS 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 College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Corporation is 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 in relation to which the Post 16 Audit Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

We have nothing to report in respect of the following matters in relation to which the Regulatory Advice 9: Accounts Direction issued by the Office for Students requires us to report to you if, in our opinion:

- where applicable, funds from whatever source administered by the provider for specific purposes have not been properly applied to those purposes and managed in accordance with relevant legislation; or
- where applicable, funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have not been applied in accordance with the relevant terms and conditions; or
- the requirements of the OfS's accounts direction have not been met; or
- the provider's grant and fee income, as disclosed in the note to the accounts, has been materially misstated; or
- the College's expenditure on access and participation activities for the financial year has been materially misstated.

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 financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and with ISAs (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Extent to which the audit was considered capable of detecting irregularities including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures response to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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

- The nature of the Group and the College, the environment in which it operates and the control procedures implemented by management and the Corporation; and
- Our enquiries of management and the Corporation about their identification and assessment of the risks of irregularities.

Based on our understanding of the College and the sector we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to:

- Regulations and legislation pertinent to the Group and the College's operations;
- Compliance with the Post-16 Audit Code of Practice 2022 to 2023;
- Compliance with the requirements of the Department for Education, Education & Skills Funding Agency and the Office for Students; and
- Compliance with the requirements of the Office for Standards in Education.

We considered the extent to which non-compliance might have a material impact on the financial statements. We also considered those laws and regulations which have a direct impact on the preparation of the financial statements, such as the Statement of Recommended Practice - Accounting for Further and Higher Education 2019 and the Post-16 Audit Code of Practice 2022 to 2023.

We evaluated management and trustees' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls), and determined that the principal risks were related to;

- Posting inappropriate journal entries.

Audit response to the risks identified;

Our procedures to respond to the risks identified included the following:

- Gaining an understanding of the legal and regulatory framework applicable to the Group and the College and the sector in which it operates;
- Reviewing 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;
- Enquiring of management, the audit committee, the internal auditors and legal advisors concerning actual and potential litigation and claims;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Department for Education, Education & Skills Funding Agency, the Office for Students and the Office for Standards in Education; and
- In addressing the risk of fraud as a result of management override of controls, testing the appropriateness of journal entries and other adjustments; evaluating rationale of any significant transactions that are unusual or outside the normal course of business.

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.

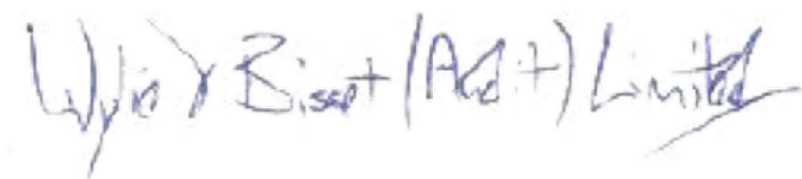
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed 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 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, as a body, in accordance with the Funding Agreement published by Education and Skills Funding Agency and our engagement letter.

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



Wylie & Bisset (Audit) Limited

Statutory Auditor

168 Bath Street

Glasgow
G2 4TP

Date: 12th December 2023

Reporting Accountant's Report on Regularity to the Corporation of Hopwood Hall College and the Secretary of State for Education acting through the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 14th October 2021 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Hopwood Hall College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the 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 Hopwood Hall College and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Hopwood Hall College and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept, or assume, responsibility to anyone other than the corporation of Hopwood Hall College and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Hopwood Hall College and the reporting accountant

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

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

Approach

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

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

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

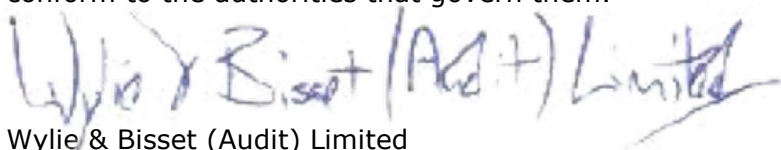
Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Documenting the framework of authorities which govern the activities of the College;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Testing transactions with related parties;
- 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 referred to in our regularity report.

Conclusion

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



Wylie & Bisset (Audit) Limited
 Statutory Auditors
 168 Bath Street
 Glasgow
 G2 4TP

Date: 12 December 2023

Hopwood Hall College

Consolidated Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2023		Year ended 31 July 2022	
		Group £'000	College £'000	Group £'000	College £'000
Income					
Funding body grants	2	28,694	28,694	26,322	26,322
Tuition fees and education contracts	3	2,075	2,075	2,120	2,120
Other grants and contracts	4	61	61	287	287
Other income	5	1,398	1,185	1,289	1,077
Endowment and investment income***	6	1,672	1,672	676	676
Total income		33,900	33,687	30,694	30,482
Staff costs *	8	20,525	20,382	21,366	21,224
Other operating expenses (excluding exceptional COVID costs)		7,870	7,902	6,461	6,501
Other operating expenses - exceptional COVID costs		-	-	28	28
Total operating costs	9	7,870	7,902	6,489	6,529
Depreciation	12	2,797	2,797	2,617	2,617
Interest and other finance costs**	10	1,678	1,678	1,269	1,269
Total expenditure		32,870	32,759	31,741	31,638
Surplus before other gains and losses****		1,030	927	(1,047)	(1,156)
Surplus on disposal of assets	12	-	-	-	-
Surplus before tax		1,030	927	(1,047)	(1,156)
Taxation	10	-	-	-	-
Surplus for the year		1,030	927	(1,047)	(1,156)
Unrealised surplus on revaluation of assets		97	97	97	97
Actuarial gains in respect of pensions schemes		389	389	21,197	21,197
Total Comprehensive Income for the year		1,516	1,413	20,247	20,138

The below table does not form part of the statutory financial statements

Surplus before other gains and losses(excluding loss on disposals)	****	1,030	927	-	1,047	-	1,156
Deduct: government capital grant		(881)	(881)		(1,444)		(1,444)
Add back:							
Defined benefit pension obligations FRS102	*	474	474		2,314		2,314
Pension interest costs FRS102	**	1,392	1,392		962		962
Pension interest income FRS102	***	(1,477)	(1,477)		(646)		(646)
Adjusted Operating Surplus(before FRS102 pension)		538	435		139		30

Hopwood Hall College

Consolidated and College Statement of Changes in Reserves

	Income and Expenditure account	Revaluation reserve	Total excluding Non controlling interest	Non Controlling interest	Total
	£'000	£'000	£'000	£'000	£'000
Group					
Balance at 31st July 2022	33,189	4,513	37,703	-	37,703
Surplus from the income and expenditure account	1,030	-	1,030	-	1,030
Other comprehensive income	389	-	389	-	389
Transfers between revaluation and income and expenditure reserves	97	(97)	-	-	-
Transfers between restricted reserves and income & expenditure reserves	-	-	-	-	-
Total comprehensive income for the year	1,516	(97)	1,419	-	1,419
Balance at 31st July 2023	34,705	4,416	39,122	-	39,122

College

Balance at 31st July 2022	33,189	4,513	37,702	-	37,702
Surplus from the income and expenditure account	927	-	927	-	927
Other comprehensive income	389	-	389	-	389
Transfers between revaluation and income and expenditure reserves	97	(97)	-	-	-
Deed of Covenant	102	-	102	-	102
Transfers between restricted reserves and income & expenditure reserves	-	-	-	-	-
Total comprehensive income for the year	1,515	(97)	1,418	-	1,418
Balance at 31st July 2023	34,704	4,416	39,120	-	39,120

Hopwood Hall College

Balance sheets as at 31 July

	Notes	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Fixed assets					
Tangible fixed assets					
	12	38,221	38,221	32,748	32,749
		38,221	38,221	32,748	32,749
Current assets					
Stocks		134	134	175	175
Trade and other receivables	14	836	1,152	1,878	2,065
Cash and cash equivalents	20	9,933	9,832	15,212	15,122
		10,903	11,118	17,265	17,362
Less: Creditors – amounts falling due within one year	16	(5,706)	(5,922)	(7,559)	(7,657)
Net current assets		5,197	5,196	9,706	9,705
Total assets less current liabilities		43,418	43,417	42,454	42,454
Less: Creditors – amounts falling due after more than one year	17	(4,186)	(4,186)	(4,645)	(4,645)
Provisions					
Defined benefit obligations	19	-	-	-	-
Other provisions	19	(111)	(111)	(107)	(107)
Total net assets		39,121	39,120	37,702	37,701
Unrestricted reserves					
Income and expenditure account	28	34,705	34,704	33,189	33,188
Revaluation reserve		4,416	4,416	4,513	4,513
Total unrestricted reserves		39,121	39,120	37,702	37,701
Total reserves		39,121	39,120	37,702	37,701

The financial statements on pages 30 to 56 were approved and authorised for issue by the Corporation on 12th December 2023 and were signed on its behalf on that date by:



Nazir Afzal
(Chair of the Corporation)



Julia Heap
(Accounting Officer)

Hopwood Hall College
Consolidated Statement of Cash Flows

	Notes	2023 £'000	2022 £'000
Cash inflow from operating activities			
Surplus/ (Deficit) for the year		1,030	(1,046)
Adjustment for non cash items			
Depreciation		2,797	2,617
Decrease/(Increase) in stocks		41	(70)
Decrease/(Increase) in debtors		1,042	(1,167)
(Decrease)/increase in creditors due within one year		(1,878)	3,868
Increase/(Decrease) in provisions		4	(190)
Pensions costs less contributions payable		389	2,630
Adjustment for investing or financing activities			
Investment income		(195)	(30)
Interest payable		287	307
		<hr/>	<hr/>
Net cash flow from operating activities		3,517	6,919
Cash flows from investing activities			
Investment income		195	30
Payments made to acquire fixed assets		(8,270)	(7,375)
		<hr/>	<hr/>
		(8,075)	(7,346)
Cash flows from financing activities			
Interest paid		(287)	(307)
Repayments of amounts borrowed		(434)	(413)
		<hr/>	<hr/>
		(721)	(720)
Increase in cash and cash equivalents in the year		(5,279)	(1,147)
Cash and cash equivalents at beginning of the year	20	15,212	16,359
Cash and cash equivalents at end of the year	20	9,933	15,212

Notes (forming part of the financial statements)

1 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 2022 to 2023 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, Quest (Pennine) 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. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2023.

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 cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College currently has £4.6m of loans outstanding with bankers on terms negotiated in 2010 and 2011. The terms of the existing agreements are for up to another 12 years. The College's forecasts and financial projections indicate that it will be able to operate within these existing facilities and covenants for the foreseeable future. Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the performance model as permitted by FRS 102. Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the ESFA Adult Skills Budget funding element is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the ESFA at the end of November following the year end. Employer responsive grant income is recognised based on a year-end reconciliation of income claimed and actual delivery with the ESFA. 16-18 learner- responsive funding is not normally subject to reconciliation or in year claw back and is therefore not subject to contract adjustments.

Notes (continued)

1 Statement of accounting policies (continued)

The recurrent grant from OfS represents the funding allocation attributable to the current financial year and is credited direct to the income and expenditure account. This is subject to any provision for clawback required due to the late notification of funding allocation changes.

Grants from non-government sources are recognised as 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.

Other discrete funds received during the year are taken to income as expenditure is incurred in line with the specific terms and conditions attached to each fund by the relevant funding body.

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.

Where the College receives and disburses funds in which it has no direct beneficial interest, such funds are excluded from the income and expenditure account on the grounds that the College does not have direct control over the future economic benefits derived from these funds. The College has applied this policy to certain funds received during the year from the funding bodies (see note 27).

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

Accounting for post-employment benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS).

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

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

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

Further details of the pension schemes are given in note 25.

Notes (continued)

1 Statement of accounting policies (continued)

Short term Employment benefits

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

Enhanced Pensions

There are no enhanced pensions paid by the College.

Non-current assets - Tangible fixed assets

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost.

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of up to 50 years. Leasehold buildings are amortised over 50 years or, if shorter, the period of the lease. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

On adoption of FRS15 and subsequent change to FRS102, the College followed the transitional provisions to retain the book value of land and buildings, which were revalued in 2001, but not to adopt a policy of revaluations of these properties in the future. 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.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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;
- Assets capacity increases;
- Substantial improvement in the quality of output or reduction in operating costs; and
- Significant extension of the assets 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, 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.

Notes (continued)

1 Statement of accounting policies (continued)

Non-current assets - Tangible fixed assets

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.

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost and is depreciated over its useful economic life as follows:

Motor vehicles and general equipment	-	5 years
Computer equipment	-	5 years
Furniture and fittings	-	5 years

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The relevant assets are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

Investments and Endowment Assets

Fixed asset investments are carried at historical cost less any provision for impairment in their value.

Listed investments held as fixed assets or endowment assets are stated at market value.

Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks

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 year with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

Notes (continued)

1 Statement of accounting policies (continued)

Taxation

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

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

The College's subsidiary company, Quest (Pennine) Limited, is subject to Corporation tax and VAT in the same way as any commercial organisation.

Liquid resources

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities.

Provisions

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

Cash

Cash for the purposes of the cash flow statement comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand.

Hopwood Hall College
Notes to the Accounts (continued)

2 Funding council grants

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Greater Manchester Combined Authority - Adult	4,835	4,835	4,495	4,495
Education and Skills Funding Agency - Adult	124	124	117	117
Education and Skills Funding Agency - 16-18	19,787	19,787	17,491	17,491
Education and Skills Funding Agency - Apprenticeship	1,798	1,798	2,016	2,016
Higher Education Funding Council	64	64	54	54
Specific Grants				
Teachers Pension Scheme contribution grant	437	437	311	311
Education and Skills Funding Agency	768	768	394	394
Release of government capital grants	881	881	1,444	1,444
	28,694	28,694	26,322	26,322
Office for Student income (included in note 2 and note 3)				
Grant received	64	64	54	54
HE fee income	477	477	435	435
	541	541	489	489
COVID-19 Funding (included in note 2)				
16-19 Tuition Fund	461	461	522	522
High Value Courses for school and college leavers	163	163	78	78
COVID-19 mass testing	-	-	8	8
	624	624	608	608
<p>The Corporation has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak.</p> <p>The funding received for the 16-19 Tuition Fund covered costs of £461k, the funding for the High Value Courses covered costs of £163k</p>				

Hopwood Hall College

Notes to the Accounts (continued)

3 Tuition fees and education contracts

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	266	266	266	266
Apprenticeship fees and contracts	(0)	(0)	32	32
Fees for FE loan supported courses	209	209	376	376
Fees for HE loan supported courses	477	477	435	435
Total tuition fees	952	952	1,109	1,109
Education contracts	1,123	1,123	1,011	1,011
Total	2,075	2,075	2,120	2,120

Details of Sources of funding body grants and tuition fees

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Grant income from the OfS	64	64	54	54
Grant income from other bodies	28,629	28,629	26,268	26,268
Fee income from taught awards	477	477	435	435
Fee income from non-qualifying courses	1,598	1,598	1,685	1,685
	30,768	30,768	28,442	28,442

4 Other grants and contracts

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other grants and contracts	61	61	287	287
Total	61	61	287	287

Hopwood Hall College
Notes to the Accounts (continued)

5 Other income

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	960	960	791	791
Other income generating activities	377	164	373	161
Miscellaneous income	61	61	125	125
	1,398	1,185	1,289	1,077
Total				

6 Investment income

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other investment income	-	-	-	-
Other interest receivable	195	195	30	30
	195	195	30	30
Pension finance income (note 25)	1,477	1,477	646	646
	1,672	1,672	676	676

7 Donations

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Unrestricted donations	-	-	-	-
Total	-	-	-	-

Hopwood Hall College

Notes to the Accounts (continued)

8 Staff costs - Group

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

	2023 No.	2022 No.
Teaching staff	223	213
Non teaching staff	416	358
	639	571

Staff costs for the above persons

	2023 £'000	2022 £'000
Wages and salaries	14,200	14,013
Social security costs	1,452	1,296
Other pension costs	2,961	2,528
Other pension costs FRS102	474	2,314
Payroll sub total	19,087	20,151
Contracted out staffing services	1,353	1,191
	20,440	21,342
Fundamental restructuring costs - contractual	84	24
non contractual	1	
	20,525	21,366

The corporation has a salary sacrifice scheme in place relating to cycle purchases and green car leasing.

Key management personnel

directing and controlling the activities of the College and are represented by the College Senior Leadership Team which comprises the Principal, Deputy Principal, 4 Executive Directors, and 2 Assistant Principals.

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

	2023 No.	2022 No.
The number of key management personnel including the Accounting Officer was:	8	7

Hopwood Hall College

Notes to the Accounts (continued)

8 Staff costs - Group and College

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

	Key management personnel		Other staff	
	2023	2022	2023	2022
	No.	No.	No.	No.
£40,001 to £45,000	1	-	-	-
£70,001 to £75,000		5	-	-
£75,001 to £80,000	5		-	
£80,001 to £100,000	1	1	-	-
£145,001 to £150,000		1	-	
£150,001 to £155,000	1			
	<u>8</u>	<u>7</u>	<u>0</u>	<u>0</u>

Key management personnel emoluments are made up as follows:

	2023	2022
	£'000	£'000
Salaries	669	613
Benefits in kind	<u>1</u>	<u>1</u>
	670	614
Pension contributions	<u>141</u>	<u>131</u>
Total emoluments	<u>811</u>	<u>745</u>

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer):

	2023	2022
	£'000	£'000
Salaries	153	150
Benefits in kind	<u>-</u>	<u>-</u>
	<u>153</u>	<u>150</u>
Pension contributions	<u>31</u>	<u>31</u>

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

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

	2023	2022
	£'000	£'000
Principal and CEO's basic salary as a multiple of the median of all staff	4.9	4.6
Principal and CEO's total remuneration as a multiple of the median of all staff	4.9	4.7

Hopwood Hall College
Notes to the Accounts (continued)

9 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	1,595	1,595	1,496	1,496
Non teaching costs (excluding exceptional COVID costs)	4,219	4,250	3,562	3,602
Non teaching costs - exceptional COVID costs	0	0	28	28
Total non teaching costs	4,219	4,250	3,590	3,630
Premises costs	2,057	2,057	1,403	1,403
Total	7,871	7,902	6,489	6,529

Other operating expenses include:

	2023	2022
	Group	Group
	£'000	£'000
Auditors' remuneration:		
Financial statements audit*	28	25
Internal audit**	15	14
Other services provided by the financial statements auditors	6	5
Hire of assets under operating leases	44	63

* includes £26,076 in respect of the College (2021/22 £23,580)

** includes £14,880 in respect of the College (2021/22 £14,400)

Hopwood Hall College

Notes to the Accounts (continued)

10 Interest and other finance costs - Group and College

	2023 £'000	2022 £'000
On bank loans, overdrafts and other loans:	286	307
	<u>286</u>	<u>307</u>
On finance leases	-	-
Pension finance costs (note 25)	1,392	962
	<u>1,392</u>	<u>962</u>
Total	<u>1,678</u>	<u>1,269</u>

11 Taxation - Group only

	2023 £'000	2022 £'000
United Kingdom corporation tax at 19%	-	-
Provision for deferred corporation tax in the accounts of the subsidiary company	-	-
	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>

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

Hopwood Hall College
Notes to the Accounts (continued)

12 Tangible fixed assets (Group & College)

	Land and buildings		Equipment	Assets in the Course of Construction	Total
	Freehold	Long leasehold			
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2022	46,690	-	13,356	4,830	64,876
Additions	388	-	1,544	6,338	8,270
Transfer	1,041	-	-	(1,041)	-
Disposals	-	-	-	-	-
At 31 July 2023	48,119	-	14,900	10,127	73,146
Depreciation					
At 1 August 2022	20,839	-	11,289	-	32,128
Charge for the year	1,848	-	949	-	2,797
Elimination in respect of disposals	-	-	-	-	-
At 31 July 2023	22,687	-	12,238	-	34,925
Net book value at 31 July 2023	25,432	-	2,662	10,127	38,221
Net book value at 31 July 2022	25,851	-	2,067	4,830	32,748

Hopwood Hall College
Notes to the Accounts (continued)

12 Tangible fixed assets (College only)

	Land and buildings		Equipment	Leased Equipment	Assets in the Course of Construction	Total
	Freehold	Long leasehold				
	£'000	£'000	£'000	£'000		£'000
Cost or valuation						
At 1 August 2022	46,690	0	13,356	0	4,830	64,876
Additions	388	-	1,544	-	6,338	8,270
Transfer	1,041	-	-	-	(1,041)	0
Disposals	-	-	-	-	-	-
At 31 July 2023	48,119	0	14,900	0	10,127	73,146
Depreciation						
At 1 August 2022	20,839	0	11,289	0	0	32,128
Charge for the year	1,848	-	949	-	-	2,797
Elimination in respect of disposals	-	-	-	-	-	-
At 31 July 2023	22,687	0	12,238	0	-	34,925
Net book value at 31 July 2023	25,432	0	2,662	0	10,127	38,221
Net book value at 31 July 2022	25,851	0	2,067	0	4,830	32,748

Hopwood Hall College
Notes to the Accounts (continued)

13 Non current Investments

	College 2023 £'000	College 2022 £'000
Investments in subsidiary companies	-	-
Total	-	-

The College owns 100 per cent of the issued ordinary £1 shares of Quest (Pennine) Limited, a company incorporated in Great Britain and registered in England and Wales. The principal business activity of Quest (Pennine) Limited is the rental of sports facilities. The interest in Quest (Pennine) Limited was acquired on 5 April 1993.

14 Debtors

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Amounts falling due within one year:				
Trade receivables	47	31	143	121
Amounts owed by group undertakings:				
Subsidiary undertakings	-	332	-	209
Prepayments and accrued income	585	585	1,709	1,709
Other debtors	204	204	24	24
Other taxation and social security (debtors)	-	-	2	2
Total	836	1,152	1,878	2,065

Hopwood Hall College

Notes to the Accounts (continued)

15 Current investments

Deposits, amounting to £5.5m were held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement. This figure is included in the cash and cash equivalents.

16 Creditors: amounts falling due within one year

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Bank loans and overdrafts	459	459	434	434
Trade payables	1,534	1,531	2,777	2,775
Amounts owed to Subsidiary undertakings:	-	231	-	108
Other taxation and social security	344	342	668	665
Accruals and deferred income	1,709	1,699	2,626	2,621
Deferred income - government capital grants	928	928	-	-
Deferred income - government revenue grants	732	732	1,054	1,054
Total	5,706	5,922	7,559	7,657

17 Creditors: amounts falling due after one year

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Bank loans	4,186	4,186	4,645	4,645
Total	4,186	4,186	4,645	4,645

Hopwood Hall College

Notes to the Accounts (continued)

18 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
In one year or less	459	459	434	434
Between one and two years	485	485	459	459
Between two and five years	1,314	1,314	1,533	1,533
In five years or more	2,387	2,387	2,653	2,653
Total	<u>4,645</u>	<u>4,645</u>	<u>5,079</u>	<u>5,079</u>

The college has 3 unsecured loans as shown below:-

Original Loan amount (£000)	£4,122	£1,078	£3,000
Repayable by instalments from	July 2012	July 2012	June 2013
to	July 2035	July 2035	June 2027
Interest payable per annum	6.07%	6.10%	4.98%

Hopwood Hall College
Notes to the Accounts (continued)

19 Provisions

	Defined benefit Obligations £'000	Restructuring £'000	Group and College Enhanced pensions £'000	Other £'000	Total £'000
At 1 August 2022	-	-	-	(107)	(107)
Expenditure in the period	(389)	-	-	(4)	(393)
Transferred from income and expenditure account	389	-	-	-	389
At 31 July 2023	-	-	-	(111)	(111)

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 25.

20 Cash and cash equivalents

	At 1 August 2022 £'000	Cash flows £'000	Other changes £'000	At 31 July 2023 £'000
Cash and cash equivalents	15,212	(5,279)	-	9,933
Overdrafts	-	-	-	-
Total	15,212	(5,279)	-	9,933

21 Capital commitments

	Group and College 2023 £'000	2022 £'000
Commitments contracted for at 31 July	9,327	10,463

Hopwood Hall College

Notes to the Accounts (continued)

22 Lease Obligations

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

	Group and College	
	2023	2022
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	-	-
Later than one year and not later than five years	-	-
later than five years	-	-
	<u>-</u>	<u>-</u>
Other		
Not later than one year	19	23
Later than one year and not later than five years	55	66
later than five years		4
	<u>74</u>	<u>93</u>

23 Contingent liabilities

The College had no contingent liabilities as at 31 July 2023 or July 2022.

24 Events after the reporting period

There are no other significant post balance sheet events

Hopwood Hall College

Notes to the Accounts (continued)

25 Defined benefit obligations

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

Total pension cost for the year	2023 £'000	2022 £'000
Teachers Pension Scheme: contributions paid	1,547	1,339
Local Government Pension Scheme:		
Contributions paid	1,417	1,190
FRS 102 (28) charge	<u>474</u>	<u>2,314</u>
Charge to the Statement of Comprehensive Income	1,891	3,504
Local Government Pension Scheme: Other	(3)	-
Total Pension Cost for Year	<u>3,435</u>	<u>4,843</u>

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

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Hopwood Hall College

Notes to the Accounts (continued)

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2020 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the TPS on 27 October 2023. The key results of the valuation are: employer contribution rates were set at 28.68% of pensionable pay from April 2024 onwards (compared to 23.68% during 2022/23. DfE has agreed to continue to pay a teacher pension employer contribution grant to cover the additional costs during the 2023/24 academic year. The employee contribution rate for the TPS will remain at existing levels.

-Total scheme liabilities of service to the effective date of £262 billion, and notional assets of £222.2 billion, giving a notional past service deficit of £39.8 billion.

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

The ER pension costs paid to TPS in the year amounted to £1,547,000 (2022: £1,339,000)

Hopwood Hall College

Notes to the Accounts (continued)

25 Defined benefit obligations (continued)

FRS 102 (28)

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

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.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Tameside Local Authority. The total contribution made for the year ended 31 July 2023 was £1,862k, of which employer's contributions totalled £1,414k with a further £448k relating to employees' contributions. The agreed contribution rates in 2023 are 20.2% for employers and range from 5.8% to 12.5% cent for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2023 by a qualified independent actuary

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	3.80%	3.45%
Future pensions increases	3.00%	2.70%
Discount rate for scheme liabilities	5.05%	3.50%
Inflation assumption (CPI)	2.95%	2.70%
Commutation of pensions to lump sums for pre-April 2008	50%	55%
Commutation of pensions to lump sums for post-April 2008	50%	60%

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 2023 years	At 31 July 2022 years
<i>Current</i>		
Males	19.90	20.30
Females	23.20	23.20
<i>Future</i>		
Males	20.50	21.60
Females	24.70	25.10

Hopwood Hall College

Notes to the Accounts (continued)

25 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	Long-term rate of return expected at 31 July 2023	Fair Value at 31 July 2023	Long-term rate of return expected at 31 July 2022	Fair Value at 31 July 2022
		£'000		£'000
Equities	5.05%	31,486	3.50%	28,400
Bonds	5.05%	6,208	3.50%	5,429
Property	5.05%	3,548	3.50%	3,759
Cash	5.05%	3,104	3.50%	4,177
Total market value of assets		44,346		41,765
Weighted average expected long term rate of return	5.05%		3.50%	
Actual return on plan assets		175		358

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

	2023 £'000	2022 £'000
Fair value of plan assets	44,346	41,765
Present value of plan liabilities	(44,346)	(41,765)
[Present value of unfunded liabilities]	-	-
Net pensions (liability)/asset (Note 19)	-	-

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

	2023 £'000	2022 £'000
Amounts included in staff costs		
Current service cost	1,887	3,504
Past service cost	4	-
Total	1,891	3,504
Amounts included in investment income		
Net interest income	1,477	646
	1477	646

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	175	358
Experience losses arising on defined benefit obligations	-	-
Changes in assumptions underlying the present value of plan liabilities	214	20,839
Amount recognised in Other Comprehensive Income	389	21,197

Hopwood Hall College

Notes to the Accounts (continued)

25 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Movement in net defined benefit (liability)/asset during the year)

	2023 £'000	2022 £'000
Deficit in scheme at 1 August	-	(18,567)
Movement in year:		
Current service cost	(1,887)	(3,504)
Employer contributions	1,417	1,190
Past service cost	(4)	-
Net interest on the defined (liability)/asset	85	(316)
Actuarial gain or loss	389	21,197
Net defined benefit (liability)/asset at 31 July	-	-

Asset and Liability Reconciliation

	2023 £'000	2022 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	41,765	58,642
Current Service cost	1,887	3,504
Interest cost	1,392	962
Contributions by Scheme participants	448	377
Experience gains and losses on defined benefit obligations	-	-
Changes in financial assumptions	(214)	(20,839)
Estimated benefits paid	(936)	(881)
Past Service cost	4	-
Curtailments and settlements	-	-
Defined benefit obligations at end of period	44,346	41,765

Reconciliation of Assets

Fair value of plan assets at start of period	41,765	40,075
Interest on plan assets	1,477	646
Return on plan assets	175	358
Employer contributions	1,417	1,190
Contributions by Scheme participants	448	377
Estimated benefits paid	(936)	(881)
Assets at end of period	44,346	41,765

Hopwood Hall College

Notes to the Accounts (continued)

26 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 following related party transactions occurred during 2022/23: Tenet Education Services £63,990 (2021/22 £58,136) and income from CPL Group of £300, Springhill Hospice £795 - Executive Director of Finance is a Trustee ; Your trust £508 and a grant of £6,000 (2021/22 £380) and Income from Rochdale Development Agency £995 - Principal is a Board member; Molesworth's £840 (2021/22 £120) - Governor is a Partner; Cardinal Langley income of £120 - Executive Director of planning, performance and information is a Trustee. Executive Director Trustee on Kingsway/Altus Trust - income of £780; University of Manchester £1,200 income - Chair of Governors is Chancellor; GM Mental Health NHS £130 - Governor a staff member; City of Liverpool income of £70 - governor is a staff member.

Travel expenses were paid to or on behalf of the Governors during the year amounting to £0 (2021/22: £0). Only travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity would be paid.

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

The following related party transactions occurred between the College and its wholly owned subsidiary, Quest (Pennine) Limited. Payroll costs £26,215 VAT paid on its behalf £38,067, Design & Print services £18,997, Rent charge £14,395, staff and student memberships £106,856, consumables £5,428, income from vending machines £23,784, income banked and then recharged £3,363.

27 Learner support funds

	2023 £'000	2022 £'000
Funding body grants – 19+ hardship funds (ESFA)	569	494
Funding body grants – Advanced Learner loans (ESFA)	497	484
Funding body grants - 16 - 18 (ESFA)	1,513	1,265
	<u>2,579</u>	<u>2,243</u>
Disbursed to students	(904)	(614)
Computer equipment	(106)	(44)
Administration costs	(68)	(64)
Amount consolidated in financial statements	(964)	(640)
	<u>537</u>	<u>881</u>
Balance underspent as at 31 July, included in creditors		

28 I & E Reserves

Made up of:

	Group 2023 £'000	Group 2022 £'000
Flood Damage	550	550
Building Sinking Fund	900	900
Designated Reserves	<u>1,450</u>	<u>1,450</u>
General Reserves	<u>33,255</u>	<u>31,738</u>
Total I & E Reserves	<u>34,705</u>	<u>33,188</u>