

DCG

Report and Financial Statements for the year ended 31 July 2024



Annual Report and Financial Statements
Year ended 31 July 2024

DCG

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Report and Financial Statements for the year ended 31 July 2024

Key Management Personnel, Corporation Board Members and Professional Advisors

Key management personnel

Key management personnel are defined as members of the Executive Team and were represented by the following in 2023/24:

Mandie Stravino, OBE; CEO; Accounting Officer
Heather Simcox; Deputy CEO
Joanne Clifford, Chief Finance Officer

Board of Governors

A full list of Governors is given on pages 21 to 23 of these financial statements. Governors are referred to as members of the DCG Corporation Board throughout the report.

Clerk to the Corporation is Rose Matthews.

Principal and registered office

Roundhouse Road
Derby
DE24 8JE

Professional advisers

Financial statements auditors and reporting accountants:

RSM UK Audit LLP
Rivermead House
7 Lewis Court
Grove Park
Leicester
Leicestershire
LE19 1SD

Internal auditors:

ICCA Education Training and Skills Ltd
46 The Priory Queensway
Birmingham
B4 7LR

Bankers:

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

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Report and Financial Statements for the year ended 31 July 2024

Key Management Personnel, Corporation Board Members and Professional Advisors – Continued

Barclays Bank plc
PO Box 3333
Snow Hill Queensway
Birmingham
B3 2WN

Solicitors:

Flint Bishop LLP
2 Prospect Place
Derby
DE24 8HG

Geldards LLP
Number One Pride Place
Pride Park
Derby
DE24 8QR

Freeths LLP
Cardinal Square
2nd Floor
West Point
10 Nottingham Road
Derby
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Eversheds LLP
Bridgewater Place
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LS11 5DR

Strategic Report

NATURE, OBJECTIVES, AND STRATEGIES:

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

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting the activities of DCG. DCG is an exempt charity for the purposes of Part 3 of the Charities Act 2011. DCG was incorporated on 1 January 2002.

Mission, Vision, Strategy and Objectives

DCG's mission as set by the Corporation is to "predict and serve the needs of our business and civic communities by preparing students for the next stage of their lives" including:

- advancement to further study, including preparation for university life
- success in the world of work, business start-up and career development
- social progression and positive citizenship
- independent living

DCG has high aspirations for its community and its vision, strategic intent and ambitions outline these. DCG will continually strive to 'create world class, accessible opportunities' that inspire our students, widen their horizons and enrich lives'.

DCG's shared values capture the organisation's ethos, commitment and the guiding principles that underpin all aspects of DCG's work.

- **OPTIMISTIC** *Positive, happy people inspiring success and belief in what can be achieved.*
- **INCLUSIVE** *Embracing and celebrating inclusivity, equality and diversity, educating and empowering individuals.*
- **HEALTHY** *Caring about all aspects of well-being, providing an environment that is safe and supportive for everyone.*
- **INNOVATIVE** *Promoting an environment where innovation, ideas and creativity are actively encouraged.*
- **COLLABORATIVE** *Proactively working with others, helping each other to achieve common goals as 'one team'*

Implementation of the strategic intent

Strategic review and planning

During 2023/24 the Corporation continued to monitor the performance of the College against the strategic plan approved in December 2019 which includes core curriculum, teaching, learning and improvement, pastoral and academic support strategies. Facilitating strategies including Property and Estates, Data and Systems, Marketing and Communications and Human Resources are key enablers to the corporate strategic ambitions.

Strategic Report - Continued

Government policy context – strategic reviews

DCG is a designated institution in scope for the Local Needs Duty which is the statutory duty set out in Section 52B Further and Higher Education Act 1992, as amended by the Skills and Post Education Act 2022. The bill encompasses statutory guidance that has set out key principles to support governing bodies of institutions within the further education sector to comply with their duty to review provision in relation to local needs. The College fulfils the statutory duty and by completing the annual Accountability Statement which outlines how the local skills duty is met.

DCG's Annual Accountability Statement was reviewed and agreed by the corporation in May 2024. This statement outlines DCG's vision and purpose, context and environment (geographic, economic and social) and priorities, aims and objectives reflecting its contribution to national, regional and local priorities.

DCG's strategic review is ongoing, based upon the principles laid out in the statutory guidance. DCG is well positioned to integrate the review with its current strategies and curriculum strategy planning processes to meet the objectives of the statutory duty in preparation to align its provision and the skills learners need to secure suitable employment, employer needs and alignment with the Local Skills Improvement Plan (LSIP) for Derby, Derbyshire, Nottingham and Nottinghamshire, which was published in August 2023.

DCG 2020-2025 Strategy

DCG adopted a strategic plan from the period 1 August 2020 to 31 July 2025. The DCG umbrella corporate strategy provides a holistic view of DCG, articulating its strategic intent and priorities that steer specific, focused core and facilitating strategies, curriculum business plans, which in turn inform its peoples' objectives.

DCG's strategic priorities for 2020 -2025 are to:

- **Deliver Educational Excellence** – *students first*
- **Champion Social Mobility** – *challenge perceptions, remove barriers*
- **Enable Economic Prosperity** – *co-creating future talent*

DCG's explicit core strategies have their own sense of purpose, but nevertheless, all directly align to its mission and overarching strategic priorities. These strategies include several focused themes and a wide range of inclusive curriculum strategies including study programmes, adult and community, career learning, higher education and apprenticeships, all informed by economic drivers, local, regional and national priorities. Curriculum teaching, design and improvement is influenced by DCG's determination to deliver educational excellence, together with its careers and student experience strategies that seek to encourage and nurture positive behaviours and attitudes, through a holistic pastoral and academic support programme that prepares students as professionals at work and as social contributors in life. Furthermore, its Employer Partnerships strategy is critical in putting employers and employer representative bodies at the heart of its curriculum development, they play a central role in co-design and delivery to ensure that the education and training people receive is directly linked to the skills needed for good, productive jobs.

DCG facilitating strategies, together with its business support functions, play a crucial enabling role and these strategies include Property and Estates, Human Resources, Systems and Data, Marketing and Communications, underpinned by its Financial Plan.

Strategic Report - Continued

All DCG strategies include annual development plans and a range of KPIs and success measures which are monitored and reviewed through the organisational meeting structure, a tiered approach from individual one to ones and team meetings, management and leadership meetings and cross college groups, which report into themed Leadership groups, governance committees and ultimately the Corporation. The Corporation monitors the performance of DCG using these strategic KPIs measures. The plans are reviewed and updated each year.

Overview of Achievements - Strategic Impact

The 2023/24 academic year was another challenging year. Further education funding continues to lag compared to other education sectors such as schools, with pay differentials impacting on the recruitment and retention of employees. Our student cohort still reflect the impact of the pandemic with lower levels of social development and attainment; and a substantial proportion requiring additional support. DCG again demonstrated resilience and a determination to achieve objectives underlying its strategic priorities and ambitions.

An overview of evidence of enactment against its strategic priorities and headline achievements against objectives set out for 2023/24 are detailed in the tables below.

'Students First'

Students are at the heart of all that DCG does and this remained paramount in ensuring it continued to deliver an excellent education to students joining college, having experienced disruption to their education which is having a long term impact. Many students, of all ages, experienced a loss of confidence, anxieties or mental health issues. Teachers continue to adapt the curriculum design and delivery to meet the needs and starting points of students. Support teams continue to implement strategies to strengthen pastoral, welfare and well-being services. Examples below highlight just some of the key actions that supported DCG's focus to continue to deliver ***'Educational Excellence'***.

'Challenge perceptions, remove barriers'

DCG serves a diverse multicultural city and county where there are pockets of high levels of deprivation and communities where there are higher risks of social marginalisation, magnified further post-pandemic and during a cost of living crisis. DCG continues to broaden its part-time, flexible and distance learning offer to give our community confidence to engage and participate in adult and community learning. DCG continues to promote fairness, inclusion and equity, rooted in the firm belief that everyone can thrive and succeed regardless of their background. Again, below are some key headlines to demonstrate how it is making a difference in ***'championing social mobility'***.

'Co-creating future talent'

Genuine partnerships with employers, rather than mere transactional relationships, underpin the curriculum at DCG. The new government are committed to bringing forward a comprehensive strategy for post-16 education, and creating higher-quality training and employment paths by empowering local communities to develop the skills people need to transition from education to employment. DCG is privileged to have such strong employer collaborations and partnerships. Both established collaborators and new partners have continued to commit to its ambitions through its co-design and co-delivery approach. DCG's Employment and Skills Boards continue to represent a broad spectrum of sectors and together with the other employer representative bodies, are pivotal in advising on the advanced and higher technical skills they need in their workforce to boost productivity and ***'enable economic prosperity'*** across the region.

Strategic Report - Continued

Strategic Priority	Key Achievements / Headlines in 2023/24
<p>Priority One: Deliver Educational Excellence <i>This means</i></p> <ul style="list-style-type: none"> ➤ Providing every student with an excellent education - enabling them to study a coherent and challenging curriculum that develops the knowledge, skills, behaviours, preparing them to be successful in future learning, employment and life ➤ Driving innovative practice, risk taking and collaboration across our community of teaching professionals ➤ Nurturing students to deploy effective behaviours and attitudes, preparing them as professionals at work and as social contributors in life ➤ Put student views, employer voice and customer satisfaction at the heart of our service delivery – embracing continuous improvement across all aspects of our customers’ experience 	<p>‘Students First’</p> <p>Students continue to achieve, with outcomes for students and apprentices that are ahead of national averages, and positive destinations being achieved by the vast majority. Progress rates in GCSE English and maths are significantly better than the national average.</p> <p>Students and apprentices have had increased opportunity to develop their digital skills via the online Digital Skills Hub which has been reviewed and enhanced. 3,000 modules have been completed in 2023-24 compared to 1,800 in 2022-23.</p> <p>Teaching professionals and the wider workforce have continued to develop their digital skills with two Digital Teacher Award cohorts delivered and one Digital Practitioner Award cohort so that increased digital skills enhance practice and work in supporting students. EdTech Wednesday sessions have covered AI, Teams, Canva and a wide range of EdTech topics.</p> <p>DCG has continued to instil a strong sense of citizenship in students including relationship education and peer on peer abuse training, with students engaging with a structured programme raising awareness on the issue of consent and numerous environmental, social action and cultural projects. Character education and employability sessions to develop and enhance student’s world of work behaviours and civic character continues to widen student’s knowledge and understanding, beyond their qualification.</p> <p>‘DCG customer experience’ - Student Voice for 2023/24 highlighted some excellent outcomes including 93% of students saying that overall, they were satisfied with the quality of their course.</p>

Strategic Report – Continued

Strategic Priority	Key Achievements / Headlines in 2023/24
<p>Priority Two: Champion Social Mobility <i>This means</i></p> <ul style="list-style-type: none"> ➤ Developing our breadth of community provision to engage with individuals with no or low qualifications, or those at risk of social marginalisation - removing obstacles to learning and progression ➤ Enabling smooth transition and engagement with schools and young people - so they can be supported from day one and are best prepared for 'college life' ➤ Removing barriers for advancement to Higher Education through progression opportunities, widening participation and positively impact on students' life chances and future earning potential ➤ Utilising our excellent relations and engagement with employers, sector skills bodies and wider stakeholders to raise awareness of career choices and industry opportunities, helping us to tackle gender stereotyping, broadening horizons and inspiring social progression 	<p><i>'Challenge perceptions, remove barriers'</i></p> <p>DCG understands the experiences of its diverse student population and is improving access and outcomes for disadvantaged student groups. The student population in 2023-24 included:</p> <ul style="list-style-type: none"> - 29% from a disadvantaged background - 22% with a special educational need - 12% declared a mental health support need <p>Targeted support has reduced the retention and achievement gaps for these cohorts compared to their peers.</p> <p>Recognition of the additional impact of caring on learning outcomes has informed changes to include caring responsibilities within Inclusive Teaching Plans. A noteworthy new initiative to encourage wider inclusivity and positive engagement is the "Human Library" project, where the "Books" are staff members who will share their lived experiences of specific focus areas such as Mental Health, Faith & Belief, etc.</p> <p>DCG continues to play a vital role on raising aspirations and removing barriers, building on positive partnerships and feeder school stakeholder engagement, strategies and new initiatives have focused on information sharing on the most at risk of becoming NEET – summer transition activities and mentoring support were planned for those identified as being at the highest risk.</p> <p>DCG has continued to provide opportunities for students to enhance life chances and balance learning with their work and family commitments. The advantages of its 'HE in FE' options remain an attractive option with increasing participation from under represented groups in some curriculum areas, for example, females in professional construction, as well as increasing accessibility of students from targeted areas of deprivation. Student survey rates remain very high - 98% of HE students stating they are satisfied with their course.</p> <p>With a focus on careers, not courses – progression pathways which are co-designed with employers are at the heart of our curriculum. A diverse range of employers including Vaillant, Bloc Digital and the NHS have influenced the provision and supported with co-delivery.</p>

Strategic Report – Continued

Strategic Priority	Key Achievements / Headlines in 2023/24
<p>Priority Three: Enable Economic Prosperity <i>This means</i></p> <ul style="list-style-type: none"> ➤ Exploiting business intelligence to drive strategic intent and inform a responsive curriculum plan – to meet the needs of students and employers, as well as local, regional and national priorities ➤ Co-designing our curriculum with employers, to ensure the talent pool generated is equipped to effectively transition between education and industry, contributing to the productivity and prosperity of our city, county and region. ➤ Co-delivering career pathways with business, to enhance our students' exposure to 'world of work' opportunities and essential life skills, to support positive destinations into employment ➤ Upskilling and retraining the adult workforce to meet the needs of the economy, and provide tailored programmes for employers to support people and business to thrive 	<p>'Co-creating future talent'</p> <p>'Meeting local needs' – labour market intelligence, future skills demand and supply, and local priorities have continued to drive curriculum developments, co-design and co-delivery with employers - this intelligence is integral to the current review of how well DCG is meeting these needs.</p> <p>DCG continues to engage with local employers through its Employment and Skills Boards with regular meetings throughout the academic year.</p> <p>DCG has long and well-established employer partners that support students with a multitude of 'world of work' encounters. Insight into Industry Days have given multiple students opportunities to engage with employers, explore industries further and enhance and widen their, knowledge understanding, and the behaviours required for each sector.</p> <p>The college is a key partner in the East Midlands Institute of Technology, a regional collaboration assuring a future-fit workforce for digital and low carbon economies across the East Midlands.</p> <p>Another successful cohort of T-Level students completed in 2023-24 with 99.5% achievement overall and all students progressing to HE or meaningful employment. The success continues to be a testament to the robust technical frameworks and the support of the DCG employer partners that afforded and co-delivered the required industry placements.</p> <p>Through the Local Skills Improvement Fund project, the college has worked with all seven D2N2 FE Colleges and Local Authority Adult Learning providers to collaborate on projects in Green Skills, Digital Skills and Essential Skills.</p>

Property and Estates Strategy

In 2023/24 DCG continued to enact its Estates and Property strategy, by providing an improved environment for learners, delivering cost savings and carbon footprint reductions through investment in environmental initiatives and aiming for long term cost savings through consolidation of the estate with a reduction in leasehold property.

Strategic Report - Continued

The Post-16 Capacity Funding project commenced to construct a new Automotive Technologies facility to the rear of the Stephenson Building (£3.5m) on the Roundhouse Campus. The construction of this facility is due for completion by December 2024.

There were some key achievements across the DCG estate during 2023/24 including:

- Completion in September 2024 of the East Midlands Institute of Technology project (IoT) (£5.3m) ready for teaching in 2024-25 - a joint venture for the East Midlands in partnership with Derby University, Loughborough University and Loughborough College.
- Refurbishment of the Beauty curriculum facilities as a result of T level capital funding
- A parklet area installed at the Joseph Wright Campus to improve biodiversity and to give students and staff a seating area and a calm space
- Energy reduction measures including a LED lighting project at the Broomfield Hall campus to reduce consumption and improve the college carbon footprint.
- Various works across the college estate to improve the space for students and staff.
- The relocation of our Reprographics, IT Store and archive function in preparation for an exit from a current leased property.

DCG recognises that the 'Climate Change Emergency' is one of the most current significant global challenges and as one of the largest further education colleges with c13,500 students the environmental and sustainability agenda is a key priority.

DCG has seen a number of major property and estates projects that have had a fundamental impact on reducing its carbon footprint, and we continue to invest/explore the latest technologies to reduce our carbon footprint and energy usage across all sites.

Whilst these projects have been estates led, the work of the Environmental and Sustainability Officer closely aligns with curriculum development and delivery priorities in this area. The Head of Land based is the cross-college curriculum lead for the sustainability agenda and several staff and student led actions have been initiated.

Financial Strategy

DCG continues to operate within challenging economic times and has worked hard to ensure it remains focused on a sustainable operating model in order to enable **investment in the learning environment and improve financial health**.

Financial objectives

DCG's financial objectives are:

1. **Financial Health:** *To achieve 'Good' financial performance in 2023/24 and maintain this in 2024/25 as defined by the ESFA financial health scoring. To be monitored and measured via the monthly management accounts. **Achieved** 'Outstanding' rating from ESFA in 2023/24, the approved budget for 2024/25 is 'Good.'*
2. **Financial Operating Position:** *To achieve a sector target EBITDA surplus in 2023/24 of 5% and budget to maintain this going forward, as calculated by the ESFA methodology. To be monitored and measured via the monthly management accounts. **Achieved 6.32% in 2023/24, however this target will be challenging to sustain in the short term.***

Strategic Report - Continued

- Income generation:** *Maintain strong commercial income (non-Agency funding) to offset reductions in ESFA funding. To be monitored and measured via the monthly management accounts. Post-Covid the College has not pursued the Events business, the focus has been on core provision with growth achieved in apprenticeship income, funded projects e.g. Local Skills Improvement Fund, and expansion of the offer for adult learning.*

Resources

DCG has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the award-winning Roundhouse College including the newly extended Stephenson Building, the Hudson Construction Centre, Joseph Wright Post-16 Academic and Arts Centre, Broomfield Hall (DCG's specialist land-based and leisure college), and the Community College. The estate has a carrying value of £92,315,000 (note 13 and 14).

People

DCG employed an average 1,069 people (expressed as headcount), of whom 845 are teaching staff and 224 non-teaching support staff.

Students

The college enrolled approximately 13,363 students. The college student population includes 5,593 16-18 year old students, 2,087 apprentices, 283 higher education students and 5,400 adult learners.

Reputation

DCG has a good reputation locally and nationally. Maintaining a quality brand is essential for DCG's success in attracting students and employers. It is also important in maintaining strong relationships with funding bodies and the East Midlands Combined County Authority. The college was rated Good in its last inspection and holds the following ratings and awards:

- Career Mark Gold Quality Award
- Matrix Standard
- Character Education kitemark - The first UK FE College to be awarded the kitemark by the Association of Character Education
- The Carers Federation Quality Standard in Carer Support (QSCS)
- Teaching Excellence Framework (TEF) Silver award with Gold for student outcomes
- Little Explorers Nursery – OFSTED 'Outstanding' November 2022
- A Microsoft Showcase College
- Autism Friendly Accolade – first college in the East Midlands to be officially recognised by Autism East Midlands
- A college of Sanctuary – recognition of efforts to create a climate of welcome and safety for the asylum and refugees community – the fourth organisation to be granted this honour.
- FETN Quality Standard Accreditation - Pastoral Support and Wellbeing (Further Education Tutorial Network)

Stakeholders

DCG serves the communities of Derby, Derbyshire, and parts of the bordering counties of East Staffordshire, Nottinghamshire, and North Leicestershire.

The wider community served by DCG, and which DCG regards as stakeholders includes:

Strategic Report - Continued

<ul style="list-style-type: none">• Students of all ages• Students' union• Staff employed by DCG• Alumni	<ul style="list-style-type: none">• Employers• Parents, guardians and carers of students• Trade unions• Chamber of Commerce, CBI and other employer representative bodies
<ul style="list-style-type: none">• Collaborative partners	<ul style="list-style-type: none">• Education institutions for all age groups and abilities
<ul style="list-style-type: none">• Training providers and sub-contractor partners• Local authorities and district/parish councils	<ul style="list-style-type: none">• Businesses of all sizes and all sectors, both private and publicly funded• Job Centre Plus
<ul style="list-style-type: none">• Local residents	<ul style="list-style-type: none">• Community representatives, including local councillors and MPs
<ul style="list-style-type: none">• Community and faith groups	<ul style="list-style-type: none">• Government and funding agencies including the DfE and ESFA
<ul style="list-style-type: none">• East Midlands County Combined Authority	<ul style="list-style-type: none">• Office for Students

DCG values relationships with its stakeholders and seeks to engage with them and gain their views via a variety of methods, examples of which are shown below:

- CEO and Link governor Climate walks (including staff and student engagement)
- Ask the CEO (staff feedback system)
- Student Representative structure including "lunch with the leadership"
- Student surveys on general and specific matters
- Engagement with the Students' Union
- Employer forums – including Employment and Skills Boards
- Business surveys, including those employers who already engage with DCG
- Staff surveys carried out as real time pulse questions
- Forums, including strategic planning consultation with the wider community
- Membership of key forums and representative groups, for example, CBI East Midlands and Derbyshire Economic Partnership
- Celebration and awards events; and
- LMI to guide the curriculum and training offered by DCG.

Public benefit

DCG is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education as Principal Regulator for all FE Corporations in England. The members of the Corporation, who are trustees of the charity, are disclosed on pages 21 to 23.

In setting and reviewing DCG's strategic objectives, the Corporation 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.

DCG has a commitment to deliver a significant, measurable public benefit, and a full Public Value Statement, setting out how DCG adds value to the social, economic and physical well-being of the community served by DCG, which can be found at www.derby-college.ac.uk/corporate-information. The delivery of public benefit is also covered further within this Members' Report and this Operating and Financial Review.

Strategic Report - Continued

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

- High-quality teaching and support which inspires individuals to exploit the knowledge, skills, and attitudes acquired during their learning journey, to make the changing differences to their personal success and social mobility;
- Widening participation and tackling social exclusion, thereby contributing to community cohesion and positive social action, targeting behavioural, cultural and aspirational challenges; and
- Strong links with employers, industry, and commerce providing “job ready” students, thereby supporting economic growth and social prosperity through the provision of the skills and attitudes required by businesses to compete now, and in future domestic and global markets.

DEVELOPMENT AND PERFORMANCE

Financial Review

The Further Education Sector has defined EBITDA as the key financial comparator, with a benchmark indicator of 5% to 8%. The table below illustrates that DCG generated a sector EBITDA surplus of £3,739,000 (2022/23: £3,112,000) and has performed well against this measure. This identifies that DCG is generating funds to reinvest in its future provision.

Sector EBITDA	2023/24	2022/23
	£'000	£'000
Surplus/(deficit) before other gains and losses (per page 37)	475	(2,433)
Adjust for :		
Interest receivable	(614)	-
Interest / Finance costs (including pension interest)	396	482
Additional cost/(reduction) of pension service	(550)	632
Depreciation	4,958	4,781
Capital Grants	(795)	(817)
Holiday pay accrual	(131)	467
Sector EBITDA surplus	3,739	3,112
% of Turnover	6.32%	5.53%

The total comprehensive deficit of £288,000 (2022/23: income of £3,728,000) is stated after accounting for an actuarial loss of £763,000 (2022/23: actuarial gain of £6,161,000) in relation to the LGPS defined benefit pension scheme. Excluding the actuarial loss, the organisation’s operating performance was a surplus of £475,000 (2022/23: deficit of £2,433,000).

DCG has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2023/24 the FE funding bodies provided 80% of DCG total income.

The college continues to invest significantly in its facilities, with notable capital expenditure made throughout the year. In September 2024, was completed on a new facility for Professional Construction, Engineering, Digital and Leadership at the Roundhouse campus. This extension was funded through the East Midlands Institute of Technology; however, as the building was not completed at the balance sheet date, the grant income has not yet been recognised and is currently held as a liability on the balance sheet. The construction of a new Automotive and Engineering facility has also commenced, with 80% of the funding provided by the Department for Education. The project is expected to complete by December 2024. Tangible fixed asset additions during the year totalled £6.6m.

Strategic Report – Continued

DCG has accumulated reserves of £85,044,000 (2022/23: £85,332,000) and cash and short-term investment balances of £19,927,000 (2022/23: £15,276,000). There are corresponding creditors for clawbacks of £1.4m. DCG wishes to continue to sustain a positive reserves and cash position.

DCG has two active subsidiary companies, Mackworth Business Services Limited (MBS) and DCG Services Limited. The principal activity of DCG Services Limited is the provision of cleaning services. Any surpluses generated by the subsidiary is transferred to DCG. In the current year, DCG Services generated £Nil surplus and MBS generated a loss of £11,000. MBS ceased trading activity in Summer 2020.

FUTURE DEVELOPMENTS

Curriculum

The curriculum offer, remains, as always at the heart of achieving DCG's goals and maintaining its reputation as a leading provider to meet local and regional skills priorities; especially important given the projected regional increase in jobs of 17.7k by 2027.

We aim to retain our position as a pioneer in curriculum co-design and co-delivery with businesses, third sector and employers to meet demands of students, employers, and the EMCCA to meet key local and regional priorities in the face of changing technologies, and industry needs. We must remain increasingly vigilant to prepare for the impact of increased automation, the impacts it will have on education but especially the workplace and employers as highlighted in the EMCCA and LSIP Skills Map. We will also be taking action in line with the Skills England and their first report: Driving growth and widening opportunities report, especially given its particular relevance to Derby's needs regarding social mobility and attainment. Key areas of focus include

- Design of viable transition pathways: training to enable career change, including sector specific digitisation and green skills.
- Develop robust level 1 and 2 provision to enable progression to level 3, tackling low attendance and attainment at KS4 exit, growth in SEND and behaviour challenges that constrain progression.
- Capitalise on the EMIoT and LSIF research on skills needs and the rules relaxation in proposed Growth and Skills Levy fund use for short, higher level training opportunities.
- Prioritising development of provision in priority sectors such as new fuels, life science, engineering, manufacture, construction, health, extraction in conjunction with place based broader need, including ICT and digital, literacy and numeracy, management and supervision and green skills.
- Continue to respond to our local community needs both 16 -19, adult and apprenticeships in ensuring access to step up qualifications in basic and essential skills.

Financial plan

DCG's governors approved a financial plan in July 2024 which sets the financial objectives for the period to July 2026. DCG is seeking to maintain its strong financial performance and aims to maintain a 'Good'

ESFA financial rating recognising there are rising cost pressures. DCG is seeking to achieve small incremental growth in 16 to 18 ESFA funding, especially in learner numbers.

Treasury policies and objectives

Treasury management is the management of DCG 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.

During 2023-24 DCG generated £614,000 of investment income from its cash balance management.

Strategic Report – Continued

A primary focus of DCG's treasury management activities is ensuring that sufficient resources are available to support its property strategy and invest in other key areas of the Colleges' operations. In recent years, the Group has made significant investments in both teaching and learning infrastructure and staffing.

DCG has a separate Treasury Management Policy in place which was reapproved by the Corporation in October 2023. Any short- or long-term borrowing requirements must be approved in advance by the Department for Education and Treasury.

Cash flows and liquidity

At £11,158,000 (2022/23: £4,622,000), net cash flow from operating activities continued to be positive, however this includes corresponding creditors in relation to government capital grants of circa £10m and investments in fixed assets. The size of the DCG's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total interest and repayments.

Reserves

DCG established a formal reserves policy, approved by the Corporation in July 2024. This policy sets guidelines for maintaining a minimum level of cash reserves to ensure the college can meet all short-term obligations while continuing to support its core activities and long-term investments in its provision.

The Income and Expenditure Unrestricted Reserves of DCG of £85,044,000 are represented wholly by Fixed Assets. DCG has made a substantial investment in facilities, providing a high-quality learning environment.

PRINCIPAL RISKS AND UNCERTAINTIES

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

DCG's Risk Management Group undertakes a comprehensive review of the risks to which DCG is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on DCG. The internal controls are then implemented and monitored to assess their effectiveness and progress against risk mitigation actions. The Risk Management Group also consider any risks which may arise as a result of a new area of work or project being undertaken by DCG.

A corporate risk register is maintained at DCG level, together with specific HE and FE curriculum and quality risk registers, which are reviewed at each meeting of the Audit Committee (corporate), Curriculum Performance Committee (curriculum and quality), HE Academic Board and Corporation Board. All curriculum and business areas of DCG also maintain a risk register which is monitored by the DCG Risk Management Group.

The corporate risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on DCG and the actions being taken to reduce and mitigate the risks. Mitigations are split into two categories, implemented controls and planned controls. Risks are prioritised using a consistent scoring system.

Strategic Report – Continued

There are twenty-five risks under review on the full DCG Corporate Risk Register, three risks are currently rated as high following preventative controls being implemented and are presented in the summary table below. Not all of the factors are within DCG's control. Other factors beside those listed below may adversely affect the organisation.

Key Strategic Risk	Actions and mitigations
<p>Failure to attract and retain correct, high calibre personnel when recruiting due to financial restrictions, availability of funds and DCG terms & conditions not being as attractive as other sectors.</p>	<ul style="list-style-type: none"> • Review of pay structures and changes implemented for hard to recruit posts • Strengthened recruitment team and utilised specialised support • Targeted approach to recruitment • Health and Wellbeing group and initiatives • Positive promotion of DCG and sector through advertising and including LinkedIn and other media platforms
<p>Significant rise in inflationary pressures (including energy bills and pay awards) results in an increase in overhead costs which has an adverse effect on DCG's financial position including an RI financial health. This may impact on staff morale (due to possible restructuring) and an increased risk of industrial action.</p>	<ul style="list-style-type: none"> • Robust oversight and management of expenditure budgets • Scenario modelling to assess risk/impact of cost inflation and/or pay decisions • Efficiency measures implemented including energy consumption monitoring and other energy efficiency measures • Use of procurement frameworks to deliver VFM contracts.
<p>Failure to achieve financial targets across all key funding streams (AEB, Adult, 16-19, HE, Apprenticeships etc) and a decrease in financial health measures.</p>	<ul style="list-style-type: none"> • Finance and Resource SLT meeting discuss performance and reviews financial targets. • Where areas are significantly below targets robust action plan be developed and agreed with budget holders to reduce impact of any budget shortfall. • Finance report is a standard agenda item to all Corporation meetings. • Robust sub-contracting strategy & management to support achievement of allocation. • Review of resources to identify cost savings if required.

Strategic Report – Continued

KEY PERFORMANCE INDICATORS

DCG's key performance indicators, targets and results are set out below:

Key Performance Indicator	Target 2023/24	Actual 2023/24
16-19 Student Numbers	5,016	5,593
Education & Training achievement (all ages)	89%	86%
Performance ratio (EBITDA %)	1.12%	6.32%
Financial Health Score	Good	Outstanding

Student achievements

Students continue to prosper at DCG and progress onto positive destinations.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 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 the accounting period 1 August 2023 to 31 July 2024, DCG paid 81.27% of its invoices within 30 days, this represents 81.93% by invoice value. DCG incurred no interest charges in respect of late payment for this period.

Streamlined Energy and Carbon Reporting

DCG is committed to reducing its carbon emissions and is aiming to be net zero by 2050. DCG has taken the following measures in the year to improve energy efficiency:

- DCG continues to be proactive and has made continuous incremental improvements including tree planting schemes, Building Management system monitoring, LED installation programme, installation of a Parklet area at Joseph Wright Centre, and a full biodiversity survey at the Broomfield Hall Campus
- DCG is committed to reducing its carbon emissions. While there has been an increase in work mileage due to a shift in remote working patterns, DCG has implemented a series of reduced hours opening across campuses and buildings. This proactive measure helps to lower usage and utility costs during holiday periods when occupation is significantly reduced.
- An LED lighting scheme at Broomfield Hall campus
- Installed further 'Ureco' urinal wastes to reduce water consumption to urinals

The college's greenhouse gas emissions and energy use for the period calculated in line with the 2019 HM Government Environmental Reporting Guidelines, the GHG Reporting Protocol – Corporate Standard and the 2021 UK Government's Conversion Factors for Company Reporting are as follows:

Strategic Report - Continued

Streamlined Energy and Carbon Reporting	1 August 2023 to 31 July 2024	1 August 2022 to 31 July 2023
Energy consumption used to calculate emissions (kWh)	8,127,734	7,945,099
Scope 1 emissions in metric tonnes CO2e		
Gas consumption	1,181.13	1,151.44
Owned transport	29.91	21.2
Total	1,211.04	1,172.64
Scope 2 emissions in metric tonnes CO2e		
Purchased electricity	1,045.48	1,098.77
Scope 3 emissions in metric tonnes CO2e		
Business travel in employee-owned vehicles	55.83	24.52
Total gross emissions in metric tonnes CO2e	2,312.35	2,295.93
Intensity ratio		
Metric tonnes CO2e per member of staff	2.17	2.04

Intensity ratio

The chosen intensity measurement ratio is calculated using total headcount members of staff.

Trade union facility time

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

Numbers of employees who were relevant union officials during the period	FTE employee number
11	10.14

Percentage of time	Number of employees
0%	0
1-50%	11
51-99%	0
100%	0

Total cost of facility time	£41,079.84
Total pay bill	£36,677,650
Percentage of total bill spent on facility time	0.11%

Time spent on paid trade union activities as a percentage of total paid facility time	0.00
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Strategic Report - Continued

EQUALITY AND DIVERSITY

Equality

DCG is committed to ensuring equality of opportunity for all who learn and work there. DCG respects and values positively differences in ethnicity, gender, sexual orientation, disability, religion or belief and age. DCG strives to remove conditions which place people at a disadvantage and will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The DCG's Equal Opportunities Policy is published on the DCG Intranet site. DCG publishes an Annual Equality Report to identify and remove/reduce any barriers to access and/or achievement gaps and to ensure compliance with all relevant equality legislation including the Equality Act 2010.

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

DCG has utilised many of the organisation strategic aims to embed knowledge, skills, and behaviours around the use of the social model of disability in training and development activities for teachers and support teams. The impact has been that staff are developing robust skills in working from a position of unconditional positive regard. Teachers and support teams are confident in starting conversations to enable students and team members to share their starting points and create inclusive teaching and employment plans together.

Equality is vital for students to have the same opportunities to start with positive educational outcomes, and equity helps makes sure those equal opportunities are adjusted to make room for students who might need further support or reasonable adjustment.

Gender pay gap reporting

Year ending 31 March 2023 (Published March 2024)	
Mean gender pay gap	7.60%
Median gender pay gap	22.52%
Mean bonus gender pay gap	0%
Median gender bonus gap	0%
Proportion of males/females receiving a bonus	0%/0%

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

	Males	Females
1 - Lower quartile	29.2%	70.8%
2	26.8%	73.2%
3	41.2%	58.8%
4 – Upper quartile	45.9%	54.1%

DCG publishes its annual gender pay gap report on its website.

Strategic Report - Continued

Equality and Diversity Policy and Disability statement

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

- a) As part of its accommodation strategy DCG works with DisabledGo, an organisation intent on maximising independence and choice for disabled people in accessing their local area and places they want to visit; the results of audits influence estate and property developments.
- b) DCG has appointed a Risk Assessment Officer, who provides information, advice and arranges support where necessary for learners with disabilities.
- c) There is a list of specialist equipment, such as radio aids, which DCG can make available for use by students and a range of assistive technology is available in the learning centres. The admissions policy for all learners is described in the DCG's Charter. Appeals against a decision not to offer a place are dealt with under the Complaints Policy.
- d) DCG has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of learner support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities.
- e) Specialist programmes are described in DCG prospectuses, and achievements and destinations are recorded and published in the standard DCG format.
- f) Counselling and welfare services are described in the Student Information Literature, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Mental Health and Wellbeing

DCG acknowledges the importance of its employees and students and is committed to providing an environment which is safe, healthy and supportive and managed in a way that minimises the risk to health, including mental health and promotes positive wellbeing. The organisation is committed to providing a supportive culture whereby healthy lifestyle choices are valued and encouraged. DCG has a Health and Wellbeing Strategy which sets out its strategic intent, vision and commitment to a whole organisational approach to health and wellbeing for its students, its employees and its wider civic and moral duties in actively prioritising, promoting and enacting its health and wellbeing objectives.

The strategic framework sets out how DCG will continue to meet its statutory requirements and respond to government policy, guidance and what it will report on. DCG has produced a related annual work plan which details the operational objectives, actions, targets and success measures and it is the main tool for the Senior Leadership Team to monitor health and wellbeing priorities, support and challenge performance.

DCG will continue to meet its core statutory responsibilities by ensuring that it is compliant with The Health and Safety at Work Act (1974).

It will ensure that it responds to recommendations set out in government guidance including;

- DFE *Promoting and supporting mental health and wellbeing in schools and colleges* (21 September 2021).

Strategic Report - Continued

DCG Group is committed to creating an environment that promotes and supports student and employee health and wellbeing. We will achieve this by:

- **Making Health and Wellbeing an ongoing strategic priority** - prioritising mental health in the workplace and learning environments by developing and delivering a systematic programme of activity.
- **Promoting positive and preventative health and wellbeing with early intervention** – ensuring organisational culture drives positive mental health outcomes.
- **Running health and wellbeing initiatives to support the student and employee journey** – providing mental health tools and support.
- **Engaging with key stakeholders to shape our health and wellbeing support, resources and services** - promote an open culture around mental health.
- **Increase transparency and accountability through internal and external reporting.**

GOING CONCERN

The Corporation has prepared a budget and associated financial forecasts for 2024-25 and 2025-26. This confirms that DCG has enough working capital to continue to trade, despite the challenges facing the sector. After making appropriate enquiries and reviewing the current forecasts and cashflow projections up to 2024-25, the members consider that the organisation has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

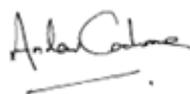
Events after the end of the reporting period

There are no significant post balance sheet events to report.

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 DCG'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 DCG's auditors are aware of that information.

Approved by order of the members of the Corporation on 16 December 2024 and signed on its behalf by:



Andrew Cochrane
Chair

Statement of Corporate Governance and Internal Control

Governance Statement

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

GOVERNANCE CODE

Governance Code

The Group endeavours to conduct its business:

1. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
2. in full accordance with the guidance to colleges from the Association of Colleges in The Further Education Code of Good Governance (“the Code”); and
3. having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the further education sector.

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2024. This opinion is based on an external review of compliance with the Code presented to the board on 24 June 2024. This external review was undertaken by Stone King.

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 Further Education Code of Good Governance issued by the Association of Colleges in 2023, which it formally adopted on 25 March 2024.

DCG is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The members, who are also the trustees for the purposes of the Charities Act 2011, confirm that they have had due regard to the Charity Commission’s guidance on public benefit and that the required statements appear earlier in these Financial Statements.

THE CORPORATION

Members of the corporation

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

Name	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance in 2023/24
Richard Blackmore	25/03/24	2 years		Independent	Corporation	100%
Alan Brady	11/11/19	6 years		Independent	Corporation Curriculum Performance Curriculum Planning	83% 100% 100%

Statement of Corporate Governance and Internal Control - Continued

Name	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance in 2023/24
Sue Bradley	01/05/19	6 years		Independent	Corporation Curriculum Performance Curriculum Planning	67% 40% 100%
Andrew Cochrane	11/02/19	6 years		Independent	Corporation Curriculum Performance Curriculum Planning Remuneration Search and Governance Finance and Resources	100% 80% 50% 100% 100% 100%
Philip Dover	01/08/13 Re-appointed 01/08/15 01/08/17 01/08/19 01/08/21 01/08/23	11 years	31/07/24	Independent	Corporation Curriculum Performance Curriculum Planning Remuneration DCG Services MBS Search and Governance HE Academic Board Finance and Resources	100% 100% 100% 100% 100% 100% 100% 100% 100%
Andrew Dymond	01/03/22	4 years		Independent	Corporation Audit Curriculum Planning Remuneration	100% 100% 100% 100%
Stuart Ellis	01/12/19	6 years		Independent	Corporation Audit	83% 100%
Jack Ellis-Guthrie	01/07/23	1 year	30/06/24	Student	Corporation Curriculum Performance	100% 80%
Bismah Latiff	01/07/24	1 year		Student	Corporation Curriculum Performance	N/A N/A
Jane McNeil	01/09/20	6 years		Independent	Corporation HE Academic Board	83% 100%
Martyn Marples	30/10/17	8 years		Independent	Corporation Finance and Resources	83% 100%
Amanda Reeve	01/08/23	1 year	07/11/23	Staff	Corporation Curriculum Performance	100%
Sophie Sanderson	12/12/23	1.5 years		Staff	Corporation	N/A
Narinder Sharma	01/09/23	2 years		Independent	Corporation Curriculum Performance	83% 75%
Kevin Slack	22/03/10 Re-appointed 01/04/12 01/04/16 01/04/18 01/04/20 01/04/22	14 years	31/07/24	Independent	Corporation Audit	100% 100%

Statement of Corporate Governance and Internal Control – Continued

Name	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance in 2023/24
Mandie Stravino	24/10/12	Ex officio		Chief Executive	Corporation Curriculum Performance Curriculum Planning Finance and Resources HE Academic Board Search and Governance DCG Services MBS	100% 80% 100% 100% 100% 100% 100%
Anju Virdee	17/04/24	2 years		Independent	Corporation Curriculum Performance	100% 100%
Rosslyn Green	10/03/14	N/A		Co-opted	Audit	100%

The governance framework

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

The Corporation is provided with regular and timely information on the overall financial performance of the college together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The corporation met seven times during the academic year (which included two special meetings). Two Board strategy events were also held during the year.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the corporation. These committees are Curriculum Performance, Curriculum Planning, Finance and Resources, Audit, Remuneration, Search and Governance and HE Academic Board. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the college's website www.derby-college.ac.uk or from the Clerk to the Corporation at the college's registered address.

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

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are provided on an ad hoc basis to cover areas identified as requiring further development. The corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

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

Statement of Corporate Governance and Internal Control - Continued **Appointments to the corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee, comprising of three members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. A full induction programme is carried out for new members.

Members of the Corporation are initially appointed for a term of office not exceeding two years, and the maximum term of re-appointment is eight years. There were two exceptions to this during this academic year, the Chair of the Audit Committee whose term has been extended, to provide necessary relevant skills and knowledge to support the work of the Audit Committee and support and mentor the new Audit Committee Chair who commenced in post from August 2023. The Vice Chair was also extended for a further year until 31 July 2024 to support the Corporation Chair. The Vice Chair stepped down from the Corporation at the end of July 2024.

Corporation Training and Performance

Newly appointed members participate in an induction program and receive a comprehensive information pack providing detailed information on the Group, as well as about the role of a governor, with training materials provided by external agencies, such as DFE, AoC and Eversheds. An existing member can act as a mentor to each newly appointed member, giving guidance and advice as required.

The Board undertake regular mandatory training in key areas such as Safeguarding & Prevent, Health and Safety and Equality and Diversity. A range of other training has been undertaken throughout the year to support the Board's development. The Chair and committee chairs regularly attend networking events with other chairs, alongside the AoC Local and National Conferences. Two governance strategy events were held during the 2023-24 academic year to engage strategic discussion but also to brief and upskill governors in key areas.

The Corporation was clerked for the year by Rose Matthews to ensure independence. The experience of the Clerk is considered vital in appropriately advising the Corporation and committees on legal, statutory, and regulatory issues within this complex sector. The Clerk has eight years' experience in FE governance and experience in secondary academy and third-sector governance. She completed the ETF Expert Level Programme, has a certificate in school clerking. The Clerk regularly undertakes professional development which includes the mandatory training for governors, alongside specific events in relation to Board reviews, skills contribution, GDPR, and AoC Governance conferences. She engages with peers through the Midlands Clerks meeting and the Clerks JISC network.

By undertaking a variety of training from a number of sources governors and the clerk have shared best practice, with the governance model and schedule of business adapted. Members actively visit site for meetings, link visits and events to engage with students, employees and stakeholders and have been able to test the impact of their training by ensuring they are well informed to carry out their statutory duties, the governance model is fit for purpose and decisions made are in the best interest for the organisation.

The governing body has considered DfE guidance on board reviews with an external review of governance undertaken by Stone King LLP during the autumn term of the 2023 academic year. The External Review recognised that the governance of Derby College Group presented many examples of committed and constructive governing and the significant contribution of the Governing Board's committees to the achievement of the Governing Board's responsibilities.

Statement of Corporate Governance and Internal Control – Continued

The use of the wider governance space beyond the formal meetings schedule supported and enabled informed and engaged Governors. This strong foundation of governing practice places the Governing Board of Derby College Group in an advantageous position for moving forward.

The External Reviewers presented their report to the DCG Corporation and acknowledged the comprehensive action plan in place at the 'special' Corporation held on 24 June 2024.

The Corporation carried out a self-assessment of its own performance based on the Education Inspection Framework for the year ending 31 July 2024 and graded itself as 'good' on the Ofsted scale.

Remuneration Committee

Throughout the year ending 31 July 2024 the DCG's Remuneration Committee comprised three members of the Corporation (including all Corporation Committee Chairs). The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer, SPHs and the Clerk to the Corporation. The Committee was Chaired by the Chair of the Audit Committee, an independent member. Details of remuneration for the year ended 31 July 2024 are set out in note 8 to the financial statements.

The Corporation adopted the principles of the AoC's Senior Staff Remuneration Code in March 2019.

Audit Committee

The Audit Committee comprises three members of the Corporation (this excludes the CEO and Chair) and a co-opted member. The Committee operates in accordance with written terms of reference which are reviewed annually and presented to the Corporation and available on the Group's website (details above).

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

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

Management is responsible for the implementation of agreed audit recommendations, and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented. The Audit Committee also advises the Corporation on the appointment of internal, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

The audit committee met four times in the year to 31 July 2024. The members of the committee and their attendance records are shown below:

Committee member	Meetings attended
Andrew Dymond	4/4
Kevin Slack	4/4
Stuart Ellis	4/4
Rosilyn Green	4/4

Statement of Corporate Governance and Internal Control - Continued

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of DCG'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 Funding Agreement between DCG and the funding bodies and the OfS registration conditions. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of DCG 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 DCG for the year ended 31 July 2024 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which DCG is exposed together with the operating, financial and compliance controls and arrangements for compliance with legal and regulatory matters including those relating to regularity and propriety of the use of public funding, that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing DCG's significant risks that have been in place for the period ending 31 July 2024 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the 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;
- regular reviews by the Corporation 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.

DCG has an internal audit service, which operates in accordance with the requirements of the ESFA Post 16 *Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which DCG is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. As a minimum, annually, the Head of Internal Audit (HIA) provides the Corporation with a report

Statement of Corporate Governance and Internal Control - Continued

on internal audit activity in DCG. The report includes the HIA's independent opinion on the adequacy and effectiveness of the DCG's system of risk management, controls, and governance processes.

Risks faced by the corporation

The Corporation identifies and evaluates risk through the Corporate Risk Register which assesses the likelihood and impact of key operational, financial, compliance and corporate risks. The risks are managed through agreed controls and mitigations which are monitored by the Audit Committee at every meeting. Audit Committee sets target risk scores which are deemed to be an acceptable level of risk and the planned actions are reviewed to ensure progress is made towards achieving the target risk score. Key red risks are discussed at Corporation and the current highest strategic risks are detailed in the Strategic Report on page 14 and 15.

Control weaknesses identified

ICCA Education and Training Skills Limited provided the Internal Audit Service for the organisation. During 2023/24 it was judged to have overall adequacy and effectiveness of the organisation's risk management, control and systems of internal control.

No significant internal control issues were identified as part of the internal audit work during the year.

Responsibilities under accountability agreements

DCG's governors confirm that they have met all conditions under accountability agreements. The College has administered funds for specific purposes so they have been properly applied to those and managed in accordance with relevant legislation. Funds provided by the Education and Skills Funding Agency (ESFA), Department for Education (DfE) and Office for Students (OfS) have been applied in accordance with relevant terms and conditions and the requirements of the College accounts direction 2023 to 2024.

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

Statement from the Audit Committee

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

The audit committee must advise the Corporation on the adequacy and effectiveness of the Corporation's assurance framework. The audit committee must play a robust role in good stewardship and risk management and may refer to the ESFA's guidance on the scope of work of audit committees and internal auditors in college Corporations. In addition, the Audit Committee advises and supports the Corporation in explaining, in its annual accounts, the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities. The College Accounts Direction sets out the ESFA's specific requirements including the required format of the corporation's statement of corporate governance and internal control.

Statement of Corporate Governance and Internal Control - Continued

The Audit Committee has increased flexibilities and freedoms as to how it can obtain the assurances required to prepare and advise the Corporation on the adequacy and effectiveness of the Group's framework of governance, risk management and internal controls. The Audit Committee Annual Report draws together a range of assurances from several key assurance providers in order to form and provide an opinion as outlined above. Its annual report is set out by initially providing the Annual Opinion of the Audit Committee, with subsequent sections documenting the sources and strength of assurances provided during the year. The specific areas of work undertaken and assurance provided by the Audit Committee in 2023/24 and up to the date of the approval of the financial statements cover:

- 1. Corporate Governance;
- 2. Value for Money;
- 3. Risk Management, and;
- 4. Internal Control.

On the basis of the independent audit reports received and the assurances provided throughout the academic year by management, the Committee's opinion is that the Group does have in place an adequate and effective assurance framework. As a result of the assurances received throughout the academic year, the Committee can confirm that the Group has in place adequate and effective audit arrangements. It is the Committee's opinion that the framework of governance, risk management and control, and processes for the effective and efficient use of resources, the solvency of the institution and the safeguarding of its assets are sufficiently robust to provide a reasonable opinion.

Review of effectiveness

As Accounting Officer, the Chief Executive 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 DCG who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the DCG's financial statements auditors; the reporting accountants for the regularity assurance in their management letters and other reports.

The 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 other sources of assurance, 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 internal audit and other sources of assurance, which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its 16 December 2024 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2024 by considering

Statement of Corporate Governance and Internal Control - Continued

documentation from the Senior Leadership Team and internal audit and taking account of events since 31 July 2024.

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

Approved by order of the members of the Corporation on 16 December 2024 and signed on its behalf by:



Andrew Cochrane
Chair of Governors



Mandie Stravino OBE
Accounting Officer

Statement of Regularity, Propriety and Compliance

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



Mandie Stravino OBE
Accounting Officer

16 December 2024

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.



Andrew Cochrane
Chair

16 December 2024

Statement of Responsibilities of the Members of the Corporation

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

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that DCG will continue in operation.

The corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Corporation.

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from 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.

Statement of Responsibilities of the Members of the Corporation - continued

Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of DCG 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 16 December 2024 and signed on its behalf by:



Andrew Cochrane
Chair

Independent auditor's report to the Corporation of DCG

Opinion

We have audited the financial statements of DCG (the "College") and its subsidiaries (the "Group") for the year ended 31 July 2024 which comprise the consolidated and College statement of comprehensive income, the consolidated and College statement of changes in reserves, consolidated balance sheet, College balance sheet, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2024 and of the Group's and the College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent auditor's report to the Corporation of DCG - *Continued*

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

We have nothing to report in this regard.

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in the note 5 to the financial statements, has been materially misstated.
- the College's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Corporation of DCG

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 31 and 32, 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's and the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the Group or the College or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the Corporation of DCG - *Continued*

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit. However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Group and College operates in and how the Group and College are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency, and Regulatory Advice 9: Accounts Direction published by the Office for Students'. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management whether the Group is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities in order to draw a conclusion.

Independent auditor's report to the Corporation of DCG - *Continued*

The Group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and performing tests of detail on a sample of revenue transactions together with performing a review of the appropriate application of the Group and College's revenue recognition policy.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://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 the 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 engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Rivermead House
7 Lewis Court
Grove Park
Leicester
Leicestershire
LE19 1SD

Date: 18 December 2024

Consolidated and College Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2024		Year ended 31 July 2023	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	47,537	47,537	44,817	44,817
Tuition fees and education contracts	3	6,503	6,503	6,166	6,166
Other grants and contracts	4	2,021	2,021	1,941	1,941
Other income	6	2,476	2,479	3,384	3,384
Investment income	7	628	628	-	-
Total income		59,165	59,168	56,308	56,308
EXPENDITURE					
Staff costs	8	39,042	38,453	37,863	37,449
Fundamental restructuring costs	8	425	425	197	197
Other operating expenses	9	13,867	14,448	15,418	15,833
Depreciation and amortisation	13/14	4,958	4,958	4,781	4,781
Interest and other finance costs	12	396	396	482	482
Total expenditure		58,688	58,680	58,741	58,742
Surplus/(deficit) before other gains and		477	488	(2,433)	(2,434)
Loss on disposal of assets		2	2	-	-
Surplus/(deficit) before tax		475	486	(2,433)	(2,434)
Taxation		-	-	-	-
Surplus/(deficit) for the year		475	486	(2,433)	(2,434)
Actuarial (loss)/gain	20	(763)	(763)	6,161	6,161
Total Comprehensive Income for the year		(288)	(277)	3,728	3,727
Represented by:					
Unrestricted comprehensive income for the year		(288)	(277)	3,728	3,727
Surplus/(deficit) for the year		(288)	(277)	3,728	3,727
Non-controlling interest		-	-	-	-
Group		475	486	(2,433)	(2,434)
Total Comprehensive (loss)/income for the year attributable to:					
Non-controlling interest		-	-	-	-
Group		(288)	(277)	3,728	3,727

All items of income and expenditure relate to continuing activities.

Consolidated and College Statement of Changes in Reserves

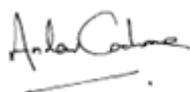
Group	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
Balance at 1 August 2022	74,104	7,500	81,604
Surplus/(deficit) from the income and expenditure account	(2,433)	-	(2,433)
Other comprehensive income	6,161	-	6,161
Transfers between revaluation and income and expenditure reserves	-	-	-
Total comprehensive income	3,728	-	3,728
Balance at 31 July 2023	77,832	7,500	85,332
Surplus/(deficit) from the income and expenditure account	475	-	475
Other comprehensive income	(763)	-	(763)
Transfers between revaluation and income and expenditure reserves	-	-	-
Total comprehensive loss	(288)	-	(288)
Balance at 31 July 2024	77,544	7,500	85,044
College			
Balance at 1 August 2022	73,893	7,500	81,393
Surplus/(deficit) from the income and expenditure account	(2,434)	-	(2,434)
Other comprehensive income	6,161	-	6,161
Transfers between revaluation and income and expenditure reserves	-	-	-
Total comprehensive income	3,727	-	3,727
Balance at 31 July 2023	77,620	7,500	85,120
Surplus/(deficit) from the income and expenditure account	486	-	486
Other comprehensive income	(763)	-	(763)
Transfers between revaluation and income and expenditure reserves	-	-	-
Total comprehensive loss	(277)	-	(277)
Balance at 31 July 2024	77,343	7,500	84,843

Consolidated and College Balance sheets as at 31 July 2024

	Notes	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Non-current assets					
Tangible Fixed assets	13	92,123	92,123	90,418	90,418
Intangible Fixed Assets	14	192	192	264	264
Investments	15	-	14	-	14
Investments in joint venture	15	-	-	-	-
		92,315	92,329	90,682	90,696
Current assets					
Stocks		164	164	130	130
Trade and other receivables	16	1,677	1,680	2,357	2,357
Cash and cash equivalents	21	19,927	19,703	15,276	15,045
		21,768	21,547	17,763	17,532
Creditors – amounts falling due within one year	17	(20,548)	(20,591)	(14,352)	(14,397)
Net current assets		1,220	956	3,411	3,135
Total assets less current liabilities					
		93,535	93,285	94,093	93,831
Creditors – amounts falling due after more than one year	18	(3,650)	(3,650)	(3,948)	(3,948)
Provisions					
Defined benefit obligations	20	-	-	-	-
Other provisions	20	(4,841)	(4,792)	(4,813)	(4,763)
Total net assets		85,044	84,843	85,332	85,120
Unrestricted Reserves					
Income and expenditure account		77,544	77,343	77,832	77,620
Revaluation reserve		7,500	7,500	7,500	7,500
Total unrestricted reserves		85,044	84,843	85,332	85,120
Total reserves		85,044	84,843	85,332	85,120

The financial statements on pages 37 to 68 were approved and authorised for issue by the Corporation on 16 December 2024 and were signed on its behalf on that date by:

Andrew Cochrane



Chair of Governors

Mandie Stravino OBE



Accounting Officer

Consolidated Statement of Cash Flows

	Notes	2024 £'000	2023 £'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		475	(2,433)
Adjustment for non-cash items			
Depreciation and amortisation		4,958	4,781
(Increase)/decrease in stocks		(34)	-
(Increase)/decrease in debtors		680	(374)
Increase/(decrease) in creditors due within one year		6,196	1,294
Increase/(decrease) in provisions		(349)	553
Pensions costs less contributions payable		(536)	632
Pension interest (non-cash)		150	-
Adjustment for investing or financing activities			
Investment income		(614)	-
Interest payable		232	169
Loss on sale of fixed assets		2	-
Net cash flow from operating activities		11,160	4,622
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	-
Investment income		614	-
Payments made to acquire fixed assets		(6,593)	(3,295)
		(5,979)	(3,295)
Cash flows from financing activities			
Interest paid		(232)	(169)
Repayments of amounts borrowed		(298)	(298)
		(530)	(467)
Increase / (decrease) in cash and cash equivalents in the		4,651	860
Cash and cash equivalents at beginning of the year	21	15,276	14,416
Cash and cash equivalents at end of the year	21	19,927	15,276

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2023-4 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, as modified by the use of previous valuations as deemed cost at transition for certain non-current assets. The consolidated financial statements are presented in sterling which is also the functional currency of the college. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Basis of consolidation

The consolidated financial statements include the college and its subsidiaries, Mackworth Business Services Limited and DCG Services Limited, controlled by DCG. Control is achieved where DCG has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July 2024.

In accordance with FRS 102, the activities of the student union have not been consolidated because the college does not control those activities.

Going concern

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

The college currently has £3.9m of loan outstanding with bankers on an unsecured basis negotiated in 2012 for a 25-year term. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility for the foreseeable future.

In preparing the financial statements, the Governors have considered going concern. Financial sustainability was already a key foundation for the Strategy and has become a more significant focus in the light of the cost-of-living crises and inflationary pressures. This involved a forecast and various

Notes to the Accounts - continued

scenario plans covering the period 1 August 2023 to 31 July 2026 including an assessment of the opportunities, risks and mitigating actions should the College's financial performance be unexpectedly worse than the forecasts. The College has already taken a series of actions to ensure continued financial sustainability. Consequently, the Corporation is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared these statements on a going concern basis.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved.

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

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

Grants (including research grants) from non-government sources are recognised in income when the college is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Capital grant funding

Government capital grants and other capital grants are recognised in income when the Group is entitled to the funds subject to any performance related conditions being met.

Fee income

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

Investment income

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

Agency arrangements

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

Notes to the Accounts – continued

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

Local Government Pension Scheme (LGPS)

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

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

Actuarial gains and losses and the effect of asset ceiling are recognised immediately in actuarial gains and losses.

Short term Employment benefits

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

Enhanced Pensions

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

Notes to the Accounts - continued

Intangible assets and goodwill

Software development costs are capitalised over the planned useful life and are amortised on a straight-line basis over 5-years.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred with the exception of costs which are directly attributable to the construction of land and buildings, in which case they are capitalised as part of the cost of those assets.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. DCG has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1 August 2014.

Investments

Investments in subsidiaries

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

Inventories

Inventories are stated at the lower of their cost (using the first in first out method) and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

Cash and cash equivalents

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

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

Financial liabilities and equity

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

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

Notes to the Accounts - continued

Foreign currency translation

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

Taxation

DCG 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, DCG is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

DCG is partially exempt in respect of Value Added Tax, so that it can only recover around 3% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

DCG's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Provisions and contingent liabilities

Provisions are recognised when.

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

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

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

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

Notes to the Accounts - continued

Judgements in applying accounting policies

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

- Determine whether leases entered into by DCG as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Determine whether there are indicators of impairment of DCG's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determining the existence of a minimum funding requirement for the Local Government Pension Scheme to be included in the asset ceiling in measuring and recognising a surplus in the scheme. This judgement is based on an assessment of the nature of the scheme as a statutory scheme and its inherent implied continuance as well as the operation of the primary and secondary contributions.

Other key sources of estimation uncertainty

- Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25 will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 to value the pensions liability at 31 July 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- The provision for costs that are likely to be incurred on the termination of the lease in 2029 on the Johnson building are estimates of the cost to return the building to the condition at the commencement of the lease.

Notes to the Accounts

2. Funding body grants

	Y/end 31 July		Y/end 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
ESFA – 16-18	32,120	32,120	30,203	30,203
ESFA – adult education budget	5,334	5,334	4,772	4,772
ESFA – Apprenticeships	7,197	7,197	6,692	6,692
Office for students	448	448	539	539
Specific grants				
Teacher Pension Scheme contribution grant	1,544	1,544	1,300	1,300
Releases of government capital grants	795	795	817	817
European Social Fund	99	99	494	494
Total	47,537	47,537	44,817	44,817

3. Tuition fees and education contracts

	Y/end 31 July		Y/end 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	1,411	1,411	1,742	1,742
Apprenticeship fees and contracts	81	81	72	72
Fees for FE loan supported courses	215	215	318	318
Fees for HE loan supported courses	954	954	999	999
Total tuition fees	2,661	2,661	3,131	3,131
Education contracts	3,842	3,842	3,035	3,035
Total	6,503	6,503	6,166	6,166

4. Other grants and contracts

	Y/end 31 July		Y/end 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other grant income	2,021	2,021	1,941	1,941
Total	2,021	2,021	1,941	1,941

Notes to the Accounts - continued

5. Details of grant and fee analysis including HE

	Y/end 31 July		Y/end 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Grant income from OfS	448	448	540	540
Grant Income from other bodies	49,110	49,110	46,218	46,218
Fee income for taught awards (excl VAT)	1,246	1,246	1,277	1,277
Fee income from non-qualifying courses (excl VAT)	5,257	5,257	4,889	4,889
Total	56,061	56,061	52,924	52,924

6. Other Income

	Y/end 31 July		Y/end 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	668	668	602	602
Other income generating activities	896	896	601	601
Other grant income	436	436	1,666	1,666
Non-government grants	10	10	13	13
Miscellaneous income	466	469	502	502
Total	2,476	2,479	3,384	3,384

7. Investment Income

	Y/end 31 July		Y/end 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Income from bank deposits	614	614	-	-
Net return on pension scheme (note 25)	14	14	-	-
Total	628	628	-	-

Notes to the Accounts - continued

8. Staff costs – Group and College

The average number of persons (including key management personnel) employed by the college during the year on an average headcount basis was:

	2024	2023
	No.	No.
Teaching staff	845	896
Non-teaching staff	224	231
	<u>1,069</u>	<u>1,127</u>

Staff costs for the above persons	Y/end 31 July		Y/end 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Wages and salaries	29,654	29,206	27,726	27,383
Social security costs	2,681	2,651	2,617	2,592
Other pension costs	5,943	5,935	6,476	6,470
Payroll sub total	<u>38,278</u>	<u>37,792</u>	<u>36,819</u>	<u>36,445</u>
Contracted out staffing services	764	661	1,044	1,004
	<u>39,042</u>	<u>38,453</u>	<u>37,863</u>	<u>37,449</u>
Restructuring costs – contractual	423	423	197	197
Restructuring costs – Non contractual	2	2	-	-
Total staff costs	<u><u>39,467</u></u>	<u><u>38,878</u></u>	<u><u>38,060</u></u>	<u><u>37,646</u></u>

The corporation offers three salary sacrifice arrangements, Kiddivoucher, Cycle2work and Computershare.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the college and are represented by the college leadership team which comprises of:

Chief Executive Officer - Mandie Stravino OBE
 Deputy Chief Executive Officer - Heather Simcox
 Chief Financial Officer – Joanne Clifford

Notes to the Accounts - continued

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

	2024	2023
	No.	No.
The number of key management personnel including the Accounting Officer was:	3	3

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	
	2024	2023	2024	2023
	No.	No.	No.	No.
£60,001 to £65,000 p.a.			4	3
£65,001 to £70,000 p.a.			1	
£70,001 to £75,000 p.a.			2	2
£75,001 to £80,000 p.a.				1
£80,001 to £85,000 p.a.			2	1
£90,001 to £95,000 p.a.				
£95,001 to 100,000 p.a.			1	
£110,001 to £115,000 p.a.		1		
£120,001 to £125,000 p.a.	1			
£125,000 to £130,000 p.a.		1		
£145,001 to £150,000 p.a.	1			
£175,001 to £180,000 p.a.		1		
£180,001 to £185,000 p.a.				
£185,001 to £190,000 p.a.	1			
	<u>3</u>	<u>3</u>	<u>10</u>	<u>7</u>

Key management personnel compensation is made up as follows:

	2024	2023
	£'000	£'000
Basic salary	456	422
Performance related pay and bonus	-	-
Benefits in kind	1	1
Pension contributions	91	79
Total key management personnel compensation	<u>548</u>	<u>502</u>

Notes to the Accounts - continued

The above compensation includes amounts paid to the Principal and Chief Executive who is the Accounting Officer and who is also the highest paid member of staff. Their pay and remuneration is as follows.

	2024	2023
	£'000	£'000
Basic salary	189	179
Performance related pay and bonus	-	-
Other including benefits in kind	1	1
Pension contributions	37	34
	227	214

The governing body adopted AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principles.

The remuneration package of key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who justify the remuneration on the following grounds.

Policy for remuneration for post holders within the remit of the Remuneration Committee

In considering reward proposals for the Chief Executive, the Senior Post Holders and the Clerk, the Group adhere to the following key elements:

- A fair, appropriate and justifiable level of remuneration;
- Procedural fairness; and
- Transparency and accountability.

The following factors are taken into consideration:

Performance in support of the Group's strategic objectives in areas such as:

- Teaching, learning and outcomes for students.
- Management, financial performance and administration.
- Leadership of staff.
- Stakeholder, partner and employer satisfaction.
- External relations nationally and locally
- The size and complexity of the Group.
- The nature of post-16 markets and issues of recruitment and retention of senior staff.

In addition, when viewing the performance of senior post-holders, members consider:

- The size and complexity of the role.
- Impact on students, finance and people, including employees and stakeholders.
- Discretion (level of accountability, degree of autonomy and decision-making authority).
- Levels of experience.
- Knowledge and skills (including specialist skills) required.
- Reputation and academic/professional credibility needed for the role.
- An ability to recruit and retain key staff; and

Notes to the Accounts - continued

- External comparisons (benchmarking data in respect of comparator institutions with a similar turnover and demographic).

Choice of Comparator Organisations

Benchmarking has been carried out using the ESFA's Financial Benchmarking Tool, the AoC Senior Pay Survey and a comparison of the Top 30 colleges in the UK, including vacant CEO positions and direct competitor colleges with a similar demographic at the time of the last Remuneration Committee.

The data that supports these indicators is drawn from.

- The Group's financial record data
- AoC Senior Staff Pay Survey
- The ESFA Benchmarking Tool
- College Internal Analysis and External Reports.

Policy on income derived from external Activities

No income is derived from external activities for senior post holders.

Pay Multiple

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

	2024	2023
	£'000	£'000
Principal and CEO's basic salary as a multiple of the median of all staff	6.64	6.40
Principal and CEO's total remuneration as a multiple of the median of all staff	7.91	7.46

Severance payments

The group paid £1,878 special severance payment in year, disclosed in the following bands.

£0-£25,000	1
£25,000 - £50,000	0
£50,000 - £100,000	0
£100,000 - £150,000	0
£150,000 +	0

Notes to the Accounts - continued

9. Other operating expenses	Y/end 31 July		Y/end 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	4,491	4,491	5,407	5,407
Subcontracting costs	1,531	1,531	1,597	1,597
Non-teaching costs	2,012	2,005	1,969	1,971
Premises costs	5,833	6,421	6,445	6,858
Total	13,867	14,448	15,418	15,833

Other operating expenses include:	2024	2023
	£'000	£'000
Fees payable to RSM UK LLP in respect of both audit and non-audit fees:		
Financial statements audit	103	101
Other services	10	15
Internal audit	18	36
Hire of assets under operating leases	1,257	1,304

10. Access and participation expenditure

	2024	2023
	£'000	£'000
Access investment	105	99
Financial support	56	53
Disability support	35	33
Research and evaluation	9	10
	<u>205</u>	<u>195</u>

The College's Access and Participation Plan is available on the College's website at [DCG Access and Participation Plan 2021-22 to 2025-26 - DCG](#)

11. Write offs, losses, guarantees, letters of comfort, compensation payments

Included within expenditure are the following transactions, individual transaction exceeding £5,000 are identified separately.

Notes to the Accounts - continued

	Total £	Above £5,000	Reason
Compensation payments	-	-	-
Write off and losses	£3,157	-	Sales ledger bad debt
Guarantees, letters of comfort and indemnities	-	-	-

12. Interest and other finance costs – Group and College

	2024 £'000	2023 £'000
On bank loans, overdrafts and other loans	232	169
Net interest on Enhanced Pension Provision (note 20)	164	313
Total	396	482

13. Tangible fixed assets (Group)

	Land and buildings		Equipment £'000	Assets in courses of construction £'000	Total £'000
	Freehold £'000	Leasehold £'000			
Cost or valuation					
At 1 August 2023	124,589	907	14,120	442	140,058
Additions	531	-	1,029	5,021	6,581
Disposals	-	-	(1,510)	-	(1,510)
At 31 July 2024	125,120	907	13,639	5,463	145,129
Depreciation					
At 1 August 2023	38,342	907	10,391	-	49,640
Charge for the year	3,441	-	1,433	-	4,874
Disposals	-	-	(1,508)	-	(1,508)
At 31 July 2024	41,783	907	10,316		53,006
Net book value at 31 July 2024	83,337	-	3,323	5,463	92,123
Net book value at 31 July 2023	86,247	-	3,729	442	92,418

Notes to the Accounts – continued

13. Tangible fixed assets (College)

	Land and buildings		Equipment £'000	Assets in courses of construction £'000	Total £'000
	Freehold £'000	Leasehold £'000			
Cost or valuation					
At 1 August 2023	124,587	907	13,938	442	139,874
Additions	531	-	1,029	5,021	6,581
Disposals	-	-	(1,510)	-	(1,510)
At 31 July 2024	125,118	907	13,457	5,463	144,945
Depreciation					
At 1 August 2023	38,338	907	10,211	-	49,456
Charge for the year	3,441	-	1,433	-	4,874
Disposals	-	-	(1,508)	-	(1,508)
At 31 July 2024	41,779	907	10,136	-	52,822
Net book value at 31 July 2024	83,339	-	3,321	5,463	92,123
Net book value at 31 July 2023	87,248	-	3,728	442	90,418

Land and buildings at the Broomfield and Roundhouse sites were valued at 2016 Market Value, in accordance with FRS102 by Innes England, a firm of independent chartered surveyors.

14. Intangible Assets – group and college

	Software	Total
	2024 £'000	2023 £'000
Cost or Valuation		
At 1 August 2023	854	854
Additions	12	12
Disposals	(2)	(2)
At 31 July 2024	864	864
Amortisation		
At 1 August 2023	590	590
Charge for the year	84	84
Disposals	(2)	(2)
At 31 July 2024	672	672
Net book value at 31 July 2024	192	192
Net book value at 31 July 2023	264	264

Notes to the Accounts – continued

The college is in negotiations with the landlord of the Johnson Building to surrender its leasehold. Related equipment in the Johnson Building with a net book value of c£600k are recognised within tangible fixed assets. There is no certainty at the balance sheet date that the building will be vacated and no impairment has been recognised within the reporting period.

15. Non-current investments

	College 2024 £000's	College 2023 £000's
Investment in subsidiary companies	14	14
Total	14	14

DCG's subsidiary undertakings, which are all incorporated in Great Britain and registered in England and Wales are as follows:

Name	Holding	Principal Activity	Date interest acquired
Mackworth Business Services Limited	100% ordinary £1 shares	Facilities hire and events management – currently not trading.	1 April 1993
DCG Services Limited	100% ordinary £1 shares	Provision of support services	14 November 2001

16. Trade and other receivables

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Amounts falling due within one year:				
Trade receivables	265	265	722	722
Amounts owed by group undertakings	-	3	-	-
Prepayments and accrued income	856	856	987	987
Amounts owed by the ESFA	556	556	648	648
Total	1,677	1,680	2,357	2,357

Notes to the Accounts – continued

17. Creditors: amounts falling due within one year

	Group	College	Group	College
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	298	298	298	298
Trade payables	653	653	488	487
Amounts owed to group undertakings:				
Subsidiary undertakings	-	56	-	56
Other taxation and social security	601	594	635	628
Accruals and deferred income	7,203	7,197	5,688	5,685
Deferred income - government capital grants	10,434	10,434	3,933	3,933
Amounts owed to the ESFA	1,359	1,359	3,310	3,310
Total	20,548	20,591	14,352	14,397

18. Creditors: Amounts falling due after one year

	Group	College	Group	College
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Bank Loans	3,650	3,650	3,948	3,948
Total	3,650	3,650	3,948	3,948

19. Maturity of debt

Bank loans and overdrafts

	Group	College	Group	College
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
In one year or less	298	298	298	298
Between one and two years	298	298	304	304
Between two and five years	893	893	912	912
In five years or more	2,459	2,459	2,732	2,732
Total	3,948	3,948	4,246	4,246

Notes to the Accounts - continued

Bank loans totalling £3,948,000 (2023: £4,246,000) at base rate plus a margin of 0.38% are on a fixed term facility with payments commencing in 2012 and ending in 2037.

20. Provisions

	Group and College				Total
	Defined benefit obligations	Enhanced pensions	Dilapidations	Other Provisions	
	£'000	£'000	£'000	£'000	
At 1 August 2023	-	3,286	1,388	139	4,813
Released in the period	-	(349)	-	-	(349)
Expenditure/(income) in the period	(550)	164	-	-	(386)
Additions in period	550	213	-	-	763
At 31 July 2024	-	3,314	1,388	139	4,841

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.

The dilapidations provision relates to a legal requirement to carry out dilapidations work to DCG's leased building on exit in 2029. Included in other provisions is:

- S106 obligation of £90,000 in respect of previous site disposals.
- A potential HMRC VAT Group obligation of £49,000

The enhanced pension provision relates to the cost of staff that have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2024	2023
Price inflation	2.75%	2.80%
Discount rate	5.00%	5.00%

Notes to the Accounts - continued

21. Analysis of changes in net funds - group

	1 August 2023	Cash flows	Other changes	31 July 2024
	£'000	£'000	£'000	£'000
Cash and cash equivalents	15,276	4,651	-	19,927
Bank loan	(4,246)	298	-	(3,948)
Net funds	11,030	4,949	-	15,979

22. Capital and other commitments

	Group and College	
	2024	2023
	£'000	£'000
Commitments contracted for at 31 July	4,433	490

23. Lease obligations

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

	Group and College	
	2024	2023
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	1,278	1,152
Later than one year and not later than five years	5,431	6,492
Later than five years	-	217
	6,709	7,861
Other		
Not later than one year	153	64
Later than one year and not later than five years	80	42
Later than five years	-	-
	233	106
Total lease payments due	6,465	7,967

Notes to the Accounts – continued

24. Contingencies

There are no contingent liabilities to report.

25. Defined benefit obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries.

The latest formal actuarial valuation of the TPS was as at 31 March 2020 and of the LGPS 31 March 2022.

Total pension cost for the year	2024	2023
	£000	£000
Teachers' Pension Scheme: contributions paid	4,093	3,666
Local Government Pension Scheme:		
Contributions paid	2,377	2,172
FRS 102 (28) charge	(536)	632
NEST Pension contributions paid	9	
Charge to the Statement of Comprehensive Income	1,850	2,804
Enhanced pension charge to Statement of Comprehensive Income	-	-
Total Pension Cost for Year within staff costs	5,943	6,470

Teachers' Pension Scheme

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

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

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

Accordingly, the college has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The college has set out below the information available on the plan and the implications for the college in terms of the anticipated contribution rates.

Notes to the Accounts - continued

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

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service at the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion (compared to £22 billion in the 2016 valuation).

As a result of the valuation, new employer contribution rates rose to 28.68% from April 2024 (compared to 23.68% during 2018/9).

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website. The pension costs paid to TPS in the year amounted to £4,093,390 (2023: £3,665,673) employers.

Contributions amounting to £492,707 (2023: £474,000) were payable to the schemes at 31 July and are included within creditors.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Derbyshire County Council. The total contributions made for the year ended 31 July 2024 were £3,006,775, of which employer's contributions totalled £2,376,844, employees' contributions totalled £629,930 and an addition secondary payment of £385,340. The agreed contribution rates for future years are 19.5%, 20.5% and 21.6% (April 23/24/25) for the college and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

The following information is based upon a full actuarial valuation of the fund at 31 March 2023 updated to 31 July 2024 by Hymans Robertson LLP, an independent actuary. Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of an FE body in the statutory sector closure, where there is no transfer or merger, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 12 November 2024.

	At 31 July 2024	At 31 July 2023
Rate of increase in salaries	3.75%	4.00%
Future pensions increases	1.50%	3.00%
Discount rate for scheme liabilities	5.00%	5.05%
Inflation assumption (CPI)	2.75%	2.9%
Commutation of pensions to lump sums (pre Apr 2008)	50%	50%
Commutation of pensions to lump sums (post Apr 2008)	75%	75%

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

Notes to the Accounts - continued

	At 31 July 2024	At 31 July 2023
	Years	Years
<i>Retiring today</i>		
Males	20.8	20.8
Females	23.8	23.8
<i>Retiring in 20 years</i>		
Males	21.5	21.6
Females	25.3	25.3

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

	Fair Value at 31 July 2024	Fair Value at 31 July 2023
	£'000	£'000
Equity instruments	71,534	67,858
Debt instruments	27,943	22,282
Property	7,824	8,102
Cash	4,471	3,038
Total fair value of plan assets	111,772	101,280
Actual return on plan assets	10,414	3,555

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

	2024	2023
	£'000	£'000
Fair value of plan assets	111,772	101,280
Present value of plan liabilities	(95,033)	(91,779)
Present value of unfunded liabilities	(44)	(47)
Restriction in relation to asset ceiling	(16,695)	(9,454)
Net pensions (liability)/asset (note 20)	-	-

Notes to the Accounts – continued

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

	2024	2023
	£'000	£'000
Amounts included in staff costs		
Current service cost	(1,846)	(2,786)
Past service cost	(35)	(38)
Total	(1,881)	(2,824)

Amounts included in interest income/(cost)

Net interest income	14	-
Net interest cost	-	(185)
	14	(185)

Amount recognised in Other Comprehensive Income

	2024	2023
	£'000	£'000
Return on pension plan assets	5,297	(3,555)
Experience losses arising on defined benefit obligations	-	-
Changes in Demographic assumptions	(2,854)	(8,563)
Changes in assumptions underlying the present value of plan liabilities	3,771	27,343
Changes in the effect of prior year asset ceiling	9,931	-
Restriction in relation to asset ceiling	(16,695)	(9,454)
Amount recognised in Other Comprehensive Income	(550)	5,771

	2024	2023
	£'000	£'000
Net defined benefit (liability)/asset in scheme at 1 August	-	(4,954)
Movement in year:		
Current service cost	(1,846)	(2,786)
Employer contributions	2,417	2,192
Past service cost	(35)	(38)
Net interest on the defined (liability)/asset	14	(185)
Actuarial gain or loss	16,145	15,225
Restriction in relation to asset ceiling	(16,695)	(9,454)
Net defined benefit (liability)/asset at 31 July	-	-

Notes to the Accounts - continued

Asset and Liability Reconciliation	2024	2023
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	91,826	106,774
Current service cost	1,846	2,786
Interest cost	4,626	3,750
Contributions by Scheme participants	629	593
Experience gains and losses on defined benefit obligations	-	-
Changes in financial assumptions	(3,771)	(27,343)
Change in demographic	2,854	7,773
Estimated benefits paid	(2,968)	(2,545)
Past Service cost	35	38
Curtailments and settlements	-	-
Defined benefit obligations at end of period	95,077	91,826
Changes in fair value of plan assets		
	2024	2023
	£'000	£'000
Fair value of plan assets at start of period	101,280	101,820
Interest on plan assets	5,117	3,565
Return on plan assets	5,297	(4,345)
Employer contributions	2,412	2,188
Contributions by Scheme participants	629	593
Estimated benefits paid	(2,963)	(2,541)
Fair value of plan assets at end of period	111,772	101,280

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

Notes to the Accounts - continued

	2024	2023
	£'000	£'000
Fair value of plan assets	111,772	101,280
Present value of plan liabilities	(95,033)	(91,779)
Present value of unfunded liabilities	(44)	(47)
Net pensions asset/(liability)	16,695	9,454
Restriction to level of asset ceiling	(16,695)	(9,454)
Net asset/(liability) recognised in the balance sheet	-	-

The value of the college's share of net assets has been restricted due to the effect of the asset ceiling being the maximum value of the present of the economic benefits available in the form of the unconditional right to reduced contributions from the plan. A corresponding charge has been made to the comprehensive income in the period.

The College is aware that the Court of Appeal has recently upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgment means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained. Until further investigations have been completed by the UK Government's Actuary's Department and/or any legislative action taken by the government, the potential impact if any, on the valuation of scheme liabilities remains unknown.

26. Related party transactions

Owing to the nature of DCG's operations and the composition of the Corporation 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 Corporation may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with DCG's financial regulations and normal procurement procedures.

The total expenses paid to or on behalf of the Governors during the year was £1,530; 1 governor (2022/23: £1,489 1 governor). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from DCG or its subsidiaries during the year (2022/23: Nil).

The total sales to Rolls Royce PLC in the year were £408,366 (2022/23: £248,633). The balance owed by Rolls Royce PLC on 31 July 2024 were £40,115 (2022/23: £8,162). The total purchases to Rolls Royce PLC in the year were £30,500 (2022/23: £23,500) and the balance owed to Rolls Royce PLC on 31 July 2024 was Nil (22/23: Nil).

The total Sales to Derby City Council in the year were £2,239,475 (2022/23: £1,425,330) the balance owed by Derby City Council on 31 July 2024 was £1,003 (2022/23: 48,572). The total purchases to Derby City Council were £224,525 (2022/2023: £87,483) and the balance owed to Derby City Council on 31 July 2024 were £2,350 (2022/23: Nil).

Notes to the Accounts - continued

The total sales to Nottingham Trent University in the year were £3,750 (2022/23 £3,750). DCG Expenditure with Nottingham Trent University in the year was Nil (2022/23: Nil). The balance owed to Nottingham Trent University on 31 July 2024 was Nil (2022/23: Nil).

Total sales to YMCA Derby in the year were £8,500 (2022/23: £11,060). The balance owed on 31 July 2024 was Nil (2022/23: £3,300). DCG Expenditure with YMCA Derby in the year were Nil (2022/23: Nil). The balance owed to YMCA Derby to on 31 July 2024 was Nil (2022/23: Nil).

DCG expenditure transactions with Flint Bishop LLP in the year were £15,890 (2022/23: £18,069). The balance owed to Flint Bishop on 31 July 2024 was Nil (2022/23: £1,200).

DCG Expenditure with PKF Smith Cooper was £2,316 in 2024 (2022/23: £1,800) and the amount owed on 31 July 2024 was Nil (2022/23: Nil).

DCG Expenditure in the year with DCG Services Limited was £663,627 (2022/23 £479,000) and an amount of £56,445 was owed to DCG Services Limited by DCG on 31 July 2024.

Total sales to Mackworth Business Services Limited were £3,780 and an amount of £3,920 was owed by Mackworth Business Services Limited to DCG on 31 July 2024.

DCG Expenditure in the year with Derby College Student Union was £15,570 (2022/23: £13,125).

DCG Expenditure in the year with the Derby Diocesan was £500 (2022/23: £500).

DCG Expenditure in the year with the East Midlands Institute of Technology was £50,000 (2022/23: £18,000).

An amount of £8,288 was owed by D2N2 Local Enterprise Partnership on the 31 July 2024.

DCG expenditure in the year to Little Explorers Nursery was £1,100.

27. Amounts disbursed as agent - Learner support funds

	2024	2023
	£000	£000
16-18 bursary grants	1,009	896
16-18 bursary grants b/f	992	1,131
Residential bursary	40	43
	<u>2,041</u>	<u>2,070</u>
Disbursed to students	(1,105)	(1,027)
(Residential clawback in year)	(40)	-
Administration costs	(52)	(51)
	<u>844</u>	<u>992</u>
Balance unspent as at 31 July, included in creditors		

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

28 Events after the reporting period

There are no events after the reporting period.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF DCG AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") and the Department for Education (the DfE) or those of any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by DCG during the period 1 August 2023 to 31 July 2024 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Basis for conclusion

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.

We have complied with the independence and other ethical requirements of the FRC's Ethical Standard and the ethical pronouncements of the ICAEW. We also apply International Standard on Quality Management (UK) 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and accordingly maintain comprehensive systems of continuing quality management. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Corporation of DCG for regularity

The Corporation of DCG are responsible, under the grant funding agreements and contracts with the ESFA and 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 which govern them. The Corporation of DCG are also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity

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.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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 2023 to 31 July 2024 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and those of any other public funder and high level financial control areas

where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

This report is made solely to the Corporation of DCG and the Secretary of State for Education acting through 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 DCG and the Secretary of State for Education acting through 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 DCG and the Secretary of State for Education acting through the ESFA for our work, for this report, or for the conclusion we have formed.

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Date: 18 December 2024
