



DCG

Members' Report and Financial Statements

For the year ended 31 July 2023

DCG

Report and Financial Statements for the year ended 31 July 2023

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 2022/23:

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 24 to 25 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

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Key Management Personnel, Corporation Board Members and Professional Advisors

Professional advisers (continued)

Bankers:

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

Barclays Bank plc
PO Box 3333
Snow Hill Queensway
Birmingham
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Solicitors:

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Pinnacle Building
2 Prospect Place
Pride Park
Derby
DE24 8HG

Geldards LLP
Number One Pride Place
Pride Park
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DE24 8QR

Freeths LLP
Cardinal Square
2nd Floor
West Point
10 Nottingham Road
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DE1 3QT

Eversheds LLP
Bridgewater Place
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Report and Financial Statements for the year ended 31 July 2023

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Strategic Report

Strategic Report

NATURE, OBJECTIVES, AND STRATEGIES:

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

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting 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, and values

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 2022/23 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 and Human Resources are key enablers to the corporate strategic ambitions.

Strategic Report

Strategic Report (*Continued*)

Government policy context – strategic reviews

The government published its Further Education (FE) white paper - Skills for Jobs: Lifelong Learning for Opportunity and Growth in January 2021 and subsequently introduced the Skills and post-16 Education Bill to Parliament in May 2021, which received Royal Assent on 28 April 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, which applies from 28 June 2022. Governing bodies must undertake regular reviews, at least every three years, or when a new Local Skills Improvement Plan (LSIP) is published, if earlier.

DCG's Annual Accountability Statement was agreed by the corporation in July 2023. 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 business 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.

Strategic Report

Strategic Report (*Continued*)

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.

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 SLT Boards, 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 2022/23 academic year was another challenging year, with cost of living pressures impacting the college, staff and students, coupled with a student cohort who are still impacted by the lost learning and social development through the pandemic. DCG again demonstrated resilience and a determination to achieve objectives underlying its strategic priorities and ambitions.

The DCG Annual Review publication highlights its progress towards its strategic ambitions, key achievements and the positive impact the organisation has made on its students, communities and wider stakeholders.

An overview of evidence of enactment against its strategic priorities and headline achievements against objectives set out for 2022/23 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. Many students, of all ages, experienced a loss of confidence, anxieties or mental health issues. Teachers constantly flexed the curriculum design and delivery to meet the needs and starting points of students. Support teams adopted further 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 government has articulated a clear mandate that a skills-led, post-pandemic recovery is the key to unlocking the UK's potential, greater productivity, innovation and economic wellbeing. Now, individuals and businesses are facing yet more challenges with the impact of the energy crisis and cost of living issues. However, DCG is privileged to have such strong employer collaborations and partnerships. Both established collaborators and new partners have

Strategic Report

Strategic Report (*Continued*)

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 Priority	Key Achievements / Headlines in 2022/23
Priority One: Deliver Educational Excellence <i>This means</i> <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 	'Students First' <p>'The right results' – The number of students sitting external exams and end point assessments continues to grow. DCG maintained high expectations, however, was particularly mindful of the many students who missed key learning and did not sit exams through the pandemic. Wide ranging practical, emotional, academic and pastoral support were key to ensuring students were well prepared and 'exam-ready'.</p> <p>'Curriculum Planning' Considerable CPD and focus on curriculum planning resulted in curriculum course teams producing good curriculum Big Picture Plans to identify the core knowledge and sequencing decisions for subject-specific learning. Relevant plans were deemed to be fit for purpose in the T-Level Ofsted Thematic Visit (January 2023)</p> <p>'Digital Pedagogy Leaders' 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.</p> <p>'Responsible citizens' – DCG has continued to instil a strong sense of citizenship in students including relationship education and peer on peer abuse training, over 1,500 students engaging with a structured programme raising awareness on the issue of consent and numerous environmental and cultural projects.</p> <p>'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 2022/23 highlighted some excellent outcomes including 93% of students saying that overall, they were satisfied with the quality of their course.</p>

Strategic Report (*Continued*)

<p>Priority Two: Champion Social Mobility</p> <p><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 of 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>'Reaching further' – DCG continues to play a vital role on raising aspirations and removing barriers.</p> <p>DCG continues to grow its 'Essential Digital Skills' provision with delivery this year to Mansfield District council and Ashfield District council as well as growth within our own cohort. Introduction of British Sign Language courses and blended online English and Maths have helped to engage additional adults in education including cohorts working within the NHS.</p> <p>'Successful transitions' – 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>'Access to Local Higher Education' – 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 - 99% of HE students stating they are satisfied with their course.</p> <p>DCG has achieved three significant national accreditations in relation to careers this academic year: Gold standard for quality of careers standard (Career Mark); achievement of the IAG matrix award recognising the excellent IAG and careers advice the college offers and achievement of the Gatsby Benchmark with an overall score of 100% across all 8 categories.</p> <p>DCG achieved an overall Silver award from the Office for Students for the Teaching Excellence Framework, with a gold award for student outcomes</p> <p>'Sharing Expertise' - DCG has continued to place inclusion right at the centre of further education curriculum through its role as one of three national Centres for Excellence in Special Educational Needs and Disabilities (SEND).</p>
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Strategic Report (*Continued*)

<p>Priority Three: Enable Economic Prosperity</p> <p><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 meets 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 supporting positive destinations into employment ➤ Upskilling and retraining the adult workforce to meet the needs of the economy, 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>During 2022/23 there were c7,000 student engagements in work related activities including c2,800 work experience placements.</p> <p>Another successful cohort of T-Level students completed in 2023 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>'New initiatives' – ongoing collaboration with key employers both large and small has resulted in further projects and pilots to support co-design and co-delivering, employment opportunities for DCG students, adults to retrain and reskill for in demand jobs.</p>
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Strategic Report

Strategic Report (*Continued*)

Property and Estates Strategy

In 2022/23 DCG continued to enact its Estates and Property strategy; securing external ringfenced capital funding for the development of facilities to support and enhance the student experience, 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.

The East Midlands Institute of Technology project (IoT) (£5.3m) has commenced- a joint venture for the East Midlands in partnership with Derby University, Loughborough University and Loughborough College.

We have also been award funding under the Post-16 Capacity Funding to construct a new Automotive Technologies facility to the rear of the Stephenson Building (£3.5m) on the Roundhouse Campus. This will enable us to offer a state of the art, purpose built and designed facility.

There were some key achievements across the DCG estate during 2022/23 including:

- Refurbished brickwork shops at Ilkeston Campus including End Point Assessment bays to provide a better environment and modern facility for students.
- Completion of the Skills Accelerator Development fund (SDFii) project focussed on facilities and equipment for Modern Methods of Construction and Electric Vehicle technology.
- Remodelling of areas to allow for the safe construction of the new IoT Building
- The setting up of a 'one stop shop' for students at Broomfield Hall (akin to the main Round at Roundhouse Campus). This means all services for students are in one area of the campus.

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 c14,000 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.***

Strategic Report

Strategic Report (*Continued*)

Financial objectives

DCG's financial objectives are:

1. **Financial Health:** *To achieve 'Good' financial performance in 2022/23 and maintain this in 2023/24 as defined by the ESFA financial health scoring. To be monitored and measured via the monthly management accounts. **Achieved** 'Good' rating from ESFA in 2022/23, the approved budget for 2023/24 is 'Requires Improvement' however the targeted position following increased funding and efficiencies is a rating of 'Good'.*
2. **Financial Operating Position:** *To achieve a sector target EBITDA surplus in 2022/23 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% in 2022/23, however this target will be challenging to sustain in the short term.***
3. **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. Skills Development 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 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 £90,682,000 (note 10 and 11).

People

DCG employed an average 957 people (expressed as full-time equivalents), of whom 746 are teaching / teaching support staff.

Students

The college enrolled approximately 13,500 students. The college student population includes 5,276 16-18 year old students, 2,222 apprentices, 263 higher education students and 5,479 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 D2N2 Local Enterprise Partnership. The college was rated Good in its last inspection and holds the following ratings and awards:

Strategic Report

Strategic Report (*Continued*)

- 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)
- FETN Quality Standard Accreditation - Pastoral Support and Wellbeing (Further Education Tutorial Network)
- Teaching Excellence Framework (TEF) Silver award with Gold for student outcomes
- Little Explorers Nursery – OFSTED ‘Outstanding’ November 2022
- A Microsoft Showcase College
- SEND Centre of Excellence in Special Educational Needs and Disabilities
- 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.

STAKEHOLDER RELATIONSHIPS

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:

• Students of all ages	• Employers
• Students’ union	• Parents, guardians and carers of students
• Staff employed by DCG	• Trade unions
• Alumni	• Chamber of Commerce, CBI and other employer representative bodies
• Collaborative partners	• Education institutions for all age groups and abilities
• Training providers and sub-contractor partners	• Businesses of all sizes and all sectors, both private and publicly funded
• Local authorities and district/parish councils	• Job Centre Plus
• Local residents	• Community representatives, including local councillors and MPs
• Community and faith groups; and	• Government and funding agencies including the DfE and ESFA
• Local Enterprise Partnership D2N2	• Office for Students

Strategic Report

Strategic Report (*Continued*)

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
- Routine meetings and information seeking events
- 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 24 to 25.

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.

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.

Strategic Report

Strategic Report (*Continued*)

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 £3,112,000 (2021/22: £3,908,000) and has performed well against this measure. This identifies that DCG is generating funds to reinvest in its future provision.

Sector EBITDA	2022/23	2021/22
	£'000	£'000
(Deficit)/ Surplus before other gains and losses (per page 41)	(2,433)	1,110
Adjust for :		
Interest receivable	-	-
Interest / Finance costs (including pension interest)	482	1,325
Additional cost of pension service	632	3,075
Depreciation	4,781	3,856
Capital Grants	(817)	(5,393)
Holiday pay accrual	467	(66)
Sector EBITDA surplus	3,112	3,908
% of Turnover	5.53%	7%

The total comprehensive income of £3,728,000 (2021/22: £61,182,000) is stated after accounting for an actuarial gain of £6,161,000 (2021/22: £60,048,000) in relation to the LGPS defined benefit pension scheme. Excluding the actuarial gain, the organisation's operating performance was a deficit of £2,433,000 (2021/22: gain of £1,133,000).

DCG has accumulated reserves of £85,332,000 (2021/22: £81,604,000) and cash and short-term investment balances of £15,276,000 (2021/22: £14,416,000). There are corresponding creditors for clawbacks of circa £4m. DCG wishes to continue to sustain the reserves and cash position.

DCG has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2022/23 the FE funding bodies provided 85% of DCG total income.

DCG has two active subsidiary companies, Mackworth Business Services Limited (MBS) and DCG Services Limited. The principal activity of MBS was the rental of property and event services provision however this stopped in Summer 2020 and 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 surplus of £2,000.

Strategic Report

Strategic Report (*Continued*)

FUTURE PROSPECTS

Future Developments

Curriculum developments

DCG's curriculum offer will continue to respond to the demands of students, employers, and the LEP to meet local and regional priorities, changing technologies, and industry needs. DCG is taking actions to maintain its reputation as a pioneer and leader in curriculum co-design and co-delivery with businesses and employers, responding rapidly to the Government's education and skills agenda as laid out in the Skills and Post-16 Education Bill. It will plan and conduct a strategic review into how well the education and training it provides meets local need, to have due regard to the forthcoming statutory duty. Key areas of focus include:

- Increasing HTQ curriculum offer linked to T level routes with continued roll out of T Level programmes
- Prioritising provision in local (LEP) and government sector priorities (Adult Social Care, Construction, Digital and technology, Manufacturing, Logistics, Net Zero)
- Embedding of sustainability and the environmental agenda into all areas of curriculum development
- LSIP Projects (Green Productivity Hubs, Digital Knowledge Exchange Hubs, Essential Transferable Skills)
- 'Scaling up' its adult provision (for individuals, community learning and employers) to support retraining, reskilling and enabling progression to further learning, higher level skills training and better jobs
- Widening apprenticeship opportunities, delivering new standards in priority sectors.

Financial Plan

DCG's governors approved a financial plan in July 2023 which sets the financial objectives for the period to 2025. 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.

DCG responded well to Apprenticeship reforms and will continue growth in key sectors including Health, Manufacturing and Engineering Apprenticeships, particularly linked to work with a group of key employers.

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.

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 £4,622,000 (2021/22: £10,920,000), net cash flow from operating activities continued to be positive, however this includes corresponding creditors of circa £4m 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.

Strategic Report

Strategic Report (*Continued*)

Reserves Policy

DCG has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support DCG's core activities. The Income and Expenditure Unrestricted Reserves of DCG of £85,332,000 are represented wholly by Fixed Assets. DCG has made a substantial investment in facilities, providing a high-quality learning environment. DCG plans to sustain an adequate level of reserves to support the organisation's core activities and broader investment in provision.

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 an HE specific risk register and an FE curriculum and quality risk register, which are reviewed at each meeting of the Audit Committee (corporate and HE), Standards Committee (curriculum and quality) 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.

There are 29 risks under review on the full DCG Corporate Risk Register, 4 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
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.	<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

Strategic Report

Strategic Report (*Continued*)

	<ul style="list-style-type: none"> Positive promotion of DCG and sector through advertising
Failure to achieve financial targets across all key funding streams (AEB, Adult, 16-19, HE, Apprenticeships etc) and a decrease in financial health measures.	<ul style="list-style-type: none"> Robust budget monitoring with action plans where required Involvement in regional and national discussions around funding and devolution Detailed curriculum planning using local market intelligence to ensure offer is attractive and increase student numbers
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.	<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 Energy consumption monitoring and implementation of energy efficiency measures Use of procurement frameworks to deliver VFM contracts.
The risk that the ONS announcement that FE Colleges will be reclassified as public sector bodies will have a negative impact on DCG with regards to governance, reporting and compliance to public sector rules, borrowing (loans & grants), cashflow and DfE Funding moving forward.	<ul style="list-style-type: none"> Ongoing monitoring of emerging information and guidance Open dialogue with funders and banks regarding impact Wider networking and engagement with sector bodies e.g. Association of Colleges.

KEY PERFORMANCE INDICATORS

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

Key Performance Indicator	Target 2022/23	Actual 2022/23
16-19 Student Numbers	5,013	4,886
Education & Training achievement (all ages)	87%	86%
Performance ratio (EBITDA %)	6.00%	5.61%
Financial Health Score	Good	Good

Student Achievements

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

Strategic Report

Strategic Report (*Continued*)

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 2022 to 31 July 2023, DCG paid 74.54% of its invoices within 30 days, this represents 75.24% 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 has taken the following measures in the year to improve energy efficiency:

- The organisation continues to be proactive and has made continuous incremental improvements including tree planting schemes, Building Management system monitoring, LED installation programme, enhanced glazing and internal area refurbishments
- A series of holiday closures of campuses and buildings to reduce usage and therefore utility costs in running properties.

UK Greenhouse gas emissions and energy use data for the period

	1 August 2022 to 31 July 2023	1 August 2021 to 31 July 2022
Energy consumption used to calculate emissions (kWh)	7,945,099	8,312,043
<u>Scope 1 emissions in metric tonnes CO₂e</u>		
Gas consumption	1,151.44	1,243.92
Owned transport	21.2	17.96
Total	1,172.64	1,261.88
<u>Scope 2 emissions in metric tonnes CO₂e</u>		
Purchased electricity	1,098.77	879.24
<u>Scope 3 emissions in metric tonnes CO₂e</u>		
Business travel in employee-owned vehicles	24.52	20.87
Total gross emissions in metric tonnes CO₂e	2,295.93	2,161.99
<u>Intensity ratio</u>		
Metric tonnes CO ₂ e per member of staff	2.05	1.87

Strategic Report

Strategic Report (*Continued*)

Qualification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Government’s Conversion Factors for Company Reporting.

Intensity Ratio

The chosen intensity measurement ratio is total members of staff

Trade Union Facility Time

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

Numbers of employees who were employed in relevant period	FTE employee number
11	10.62

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

Total cost of facility time	£42,862
Total pay bill	£34,203,167
Percentage of total bill spent on facility time	0.13%

Time spent on paid trade union activities as a percentage of total paid facility time	0%
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EQUALITY, DIVERSITY AND INCLUSION

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

Strategic Report

Strategic Report (*Continued*)

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 end 31 March 2022 Published March 2023
Mean gender pay gap	9.07%
Median gender pay gap	14.88%
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	29.8%	70.2%
2	28.0%	72.0%
3	45.7%	54.3%
4 – Upper quartile	44.9%	55.1%

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

Equality and Diversity Policy and Disability statement

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

- 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.
- DCG has appointed a Risk Assessment Officer, who provides information, advice and arranges support where necessary for learners with disabilities.
- 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.

Strategic Report

Strategic Report (*Continued*)

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).

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.**

DCG

Report and Financial Statements for the year ended 31 July 2023

Strategic Report

Strategic Report (*Continued*)

GOING CONCERN

The Corporation has prepared a budget and associated financial forecasts for 2023-24 and 2024-25. 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 2023-24, 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.

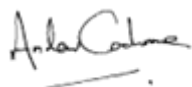
Events after the end of the reporting period

There are no significant post balance sheet events

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 11 December 2023 and signed on its behalf by:



Andrew Cochrane
Chair

Statement of Corporate Governance and Internal Control

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 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements.

Governance Code

The Group endeavours to conduct its business:

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

In the opinion of the Board of Governors, the Group complies with all the 'must' provisions of the Code, and it has complied throughout the year ended 31 July 2023. This opinion is based on an internal review of compliance against the Code, carried out by Search and Governance Committee and reported to the Corporation on 12 December 2022.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015 and most recently revised September 2021, which it formally adopted on 18 May 2015.

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 elsewhere in these Financial Statements.

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.

Category	Name	Link Governor	Lead Governor	Cttee M'Ship	First Appointed	First Term End Date	Term renewal information appvd by Corporation last on 23/10/23		Total term of office served at end of renewal
							Re-appointed	Term End Date	
General	Alan Brady	Academic		Curriculum Performance, Curriculum Planning, Remuneration	11.11.19	10.11.21	11.11.21	10.11.25	6 Years
General	Sue Bradley	Little Explorers/ Broomfield	Safeguarding & Careers	Curriculum Performance,	01.05.19	31.04.21	01.05.23	31.04.25	6 Years

Statement of Corporate Governance and Internal Control

				Curriculum Planning					
General	Hazel Clint		Health & Safety	Audit	01.02.19	31.01.21	01.02.21	31.01.23	4 Years
General	Andrew Cochran <i>Elected Chair for 2023-24</i>	Adult Community, Health and Social Care and Early Years		Curriculum Performance, Curriculum Planning, Remuneration, Search & Governance, FRC	11.02.19	10.02.21	11.02.21	10.02.25	6 Years
General	Philip Dover <i>Elected Vice Chair for 2023-24</i>	Vocational (cross site) – Sport, Public Services, Travel and Tourism, Hair and Beauty, Business, Creative Industries & Digital	Higher Education	Curriculum Performance, Curriculum Planning, Remuneration DCG Services, MBS, Search & Governance HE Academic Board, FRC	01.08.13	31.07.15	01.08.17	31.07.24	11 Years
General	Andrew Dymond		Audit	Audit Remuneration	01.03.22	28.02.24	29.02.24	28.02.26	4 Years
General	Stuart Ellis	Technology		Audit	01.12.19	30.11.21	01.12.21	30.11.25	6 Years
Student	Jack Ellis-Guthrie			Curriculum Performance	01.07.23	31.06.24	Appointed via SU	N/A nominated annually via student population	
General	Jane McNeil	EDI & HE		HE Academic Board	01.09.20	31.08.22	01.09.22	31.08.26	6 Years
General	Martyn Marples		Finance	Remuneration, FRC	30.10.17	29.10.19	30.10.19	29.10.25	8 Years
Staff	Amanda Reeve				01.08.23	Resigned 08.11.23	Annual appointment via staff election	N/A appointed annually via staff population	
Staff	Patrick Ring			Curriculum Performance	01.08.22	31.07.23	Annual appointment via staff election	N/A appointed annually via staff population	
General	Narinder Sharma			Curriculum Performance	01.09.23	31.08.25			2 Years
General	Kevin Slack			Audit	22.03.10	22.03.12	01.04.16	31.07.24	14 Years
CEO	Mandie Stravino			Curriculum Performance, Curriculum Planning, DCG Services/ MBS, Search and Governance HE Academic Board, FRC	N/A				
Student	James Tinson			Curriculum Performance	01.07.22	31.07.23	Appointed via SU	N/A nominated annually via student population	
Co-Opted	Rosslyn Green			Audit	10.03.14	31.07.15	31.07.16	31.07.25	

Statement of Corporate Governance and Internal Control

Statement of Corporate Governance and Internal Control *(Continued)*

Corporation Attendance

Member	Attendance at Corporation meetings	Attendance at Audit Cttee meetings	Attendance at Curriculum Performance Cttee meetings	Attendance at Search and Governance Cttee meetings	Attendance at HE Academic Board	Attendance at Finance and Resources Committee	Attendance at Remuneration Cttee meetings	Curriculum Planning Committee	Committee membership
Alan Brady	60%	-	100%	-	-		0%	0%	Curriculum Performance, Curriculum Planning, Remuneration
Sue Bradley	100%	-	33%	-	-		-		Curriculum Performance
Hazel Clint	100%	50%	-	-	-		-		Audit
Andrew Cochrane (Chair)	100%	-	100%	100%	-	100%	100%	100%	Search & Governance, Remuneration, Curriculum Performance, Curriculum Planning, Finance and Resources
Philip Dover (Vice Chair)	100%	-	100%	100%	100%	100%	100%	100%	Curriculum Performance, HE Academic Board, Remuneration & Search and Governance, Curriculum Planning, Finance and Resources
Andrew Dymond	40%	100%	-	-					Audit Committee
Stuart Ellis	100%	100%	-	-	-		-		Audit Committee
Martyn Marples	80%	-	-	-	-	100%	0%		Finance and Resources
Jane McNeil	80%	-	-	-	100%		-		HE Academic Board
Patrick Ring (Staff Governor)	100%	-	67%						Curriculum Performance
Kevin Slack (Chair of Audit Committee)	100%	100%	-	-	-		100%	100%	Audit, Curriculum Planning & Remuneration
Mandie Stravino OBE (Chief Executive)	100%	-	33%	100%	100%	100%	-	100%	Search & Governance, Curriculum Performance, HE Academic Board, Curriculum Planning, Finance and Resources
James Tinson (Student Governor)	40%	-	67%	-	33%				Curriculum Performance, HE Academic Board
Rosslyn Green (Co-opted Member – Audit Only)	-	100%	-	-	-				Audit

Statement of Corporate Governance and Internal Control

Statement of Corporate Governance and Internal Control (*Continued*)

Corporation Training

Newly appointed members participate in an induction programme 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 ran by the AoC and ETF, along with special sessions for areas such as Fraud prevention. The Chair and committee chairs regularly attend networking events with other chairs, alongside the AoC Local and National Conferences.

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 seven 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 and is enrolled on the Governance Professionals Certificate (FEGP Cert) ran by the Institute of Directors. 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, staff 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.

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 Group together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation met seven times (which included two special meetings) in 2022-23, along with a Board Day in November 2022.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Audit; Remuneration; Curriculum Performance; Search and Governance; Finance and Resources, Curriculum Planning for 2022-23 and HE Academic Board.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the DCG's website 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 Members. The register is available for inspection at the above address.

Statement of Corporate Governance and Internal Control

Statement of Corporate Governance and Internal Control (*Continued*)

All governors are able to take independent professional advice in furtherance of their duties at the Group'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 and training are also 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.

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. The exceptions to this are 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 former Audit Committee Chair will leave the Corporation at the end of July 2024. The Vice Chair was also extended for a further year until 31 July 2024 to support the Corporation Chair.

Corporation performance

DCG has self-assessed its provision as Good, which is in line with the December 2019 Ofsted Judgement and its self-assessment of 2022-23. The ESFA rated DCG's financial health as Good in May 2023. The ESFA financial health dashboard grades DCG as 'good'.

The Corporation undertakes a review of the effectiveness of its performance annually to facilitate ongoing improvement. This took place in October 2023 and feeds into the Corporation's Development Plan.

An annual review against the inspection frameworks for further education, higher education and early years was undertaken in October 2023.

An annual attendance review takes place and was presented to the Search and Governance Committee on 12 October 2023.

Statement of Corporate Governance and Internal Control

Statement of Corporate Governance and Internal Control (*Continued*)

Governors also meet annually, on an individual basis, with the Chair, Chief Executive, Deputy Chief Executive and the Clerk, for individual reviews of governance.

The Corporation has considered the DfE guidance on board reviews and has commissioned Stone King to carry out its review, commencing in September 2023.

Remuneration Committee

Throughout the year ending 31 July 2023 the DCG's Remuneration Committee comprised five members of the Corporation (all Corporation Committee Chairs). The CEO is not a member of the Committee. The Committee's responsibilities are to set appraisal objectives and targets for the Senior Post Holders (CEO and Deputy CEO) and the Clerk, review performance against these targets and make recommendations to the Board. The Committee was Chaired by the Chair of the Audit Committee, an independent member who is not the Chair of Governors. Details of remuneration for the year ended 31 July 2023 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). Its purpose is to advise the Corporation on the adequacy and effectiveness of the Group's system of internal control and its arrangements for risk management, control, and governance processes.

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. The Committee receives a separate risk register for Higher Education to ensure sufficient oversight of the area's risks.

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.

Statement of Corporate Governance and Internal Control

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. 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 designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims, and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

Statement of Corporate Governance and Internal Control

Statement of Corporate Governance and Internal Control (*Continued*)

Head of Internal Audit (HIA) provides the Corporation with a report 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.

Control weaknesses identified

ICCA Education and Training Skills Limited provided the Internal Audit Service for the organisation. During 2022/23 it was judged to have overall adequacy and effectiveness of the organisation's risk management, control and governance processes

Responsibilities under funding agreements

DCG's governors confirm that they have met all conditions under the funding agreement.

Statement from the Audit Committee

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.

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 sections are broken down as follows:

- 1. Corporate Governance;
- 2. Value for Money Statement;
- 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.

Statement of Corporate Governance and Internal Control

Statement of Corporate Governance and Internal Control (*Continued*)

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 the Group who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the DCG's financial statements auditors; the regularity auditors and the appointed funding auditors in their management letters and other reports.

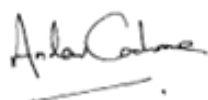
The Accounting Officer has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous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

The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its 11 December 2023 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2023.

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 11 December 2023 and signed on its behalf by:



Andrew Cochrane
Chair of Governors



Mandie Stravino OBE
Accounting Officer

Report and Financial Statements for the year ended 31 July 2023

Statement of Regularity, Propriety and Compliance

As Accounting Officer I confirm that the corporation has had due regard to 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.

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



Mandie Stravino OBE
Accounting Officer

11 December 2023

Statement of the Chair of Governors

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



Andrew Cochrane
Chair of Governors

11 December 2023

Report and Financial Statements for the year ended 31 July 2023

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 DCG'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 2019 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 DCG and its deficit of income over expenditure for that period.

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

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

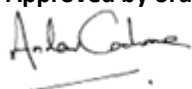
The corporation is also required to prepare a members' report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of DCG.

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 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. 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 are not put at risk.

Approved by order of the Members of the Corporation on 11 December 2023 and signed on its behalf by:



Andrew Cochrane
Chair of Governors

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 2023 which comprise the consolidated statement of comprehensive income, the consolidated and college balance sheets, the consolidated and college statements of changes in reserves, 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 2022 to 2023 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 2023 and of the Group's and the College's surplus 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 2022 to 2023 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 group's or the college's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Report and Financial Statements for the year ended 31 July 2023

Independent Auditor's Report to the Corporation of DCG

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 2022 to 2023 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 within the notes to the accounts, has been materially misstated.
- The College's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Corporation of DCG

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 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.

Independent Auditor's Report to the Corporation of DCG

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.

Auditor's responsibilities for the audit of the financial statements

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

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 framework that the group and College operates in and how the group and college are complying with the legal and regulatory framework;
- 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

Independent Auditor's Report to the Corporation of DCG

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 and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls as the area 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 and challenging judgments and estimates.

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 dated 3 August 2022. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Rivermead House
7 Lewis Court, Grove Park
Leicester
Leicestershire
LE19 1SD
[Date] 14/12/2023

Reporting Auditor's Assurance Report on Regularity

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF DCG GROUP 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 dated 3 August 2022 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") 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 2022 to 31 July 2023 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 2022 to 31 July 2023 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 are independent of DCG in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. 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 is 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 is 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 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

Reporting Auditor's Assurance Report on Regularity

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.

RSM UK Audit LLP

RSM UK AUDIT LLP

Chartered Accountants
Rivermead House
7 Lewis Court, Grove Park
Leicester
Leicestershire
LE19 1SD

14/12/2023

Report and Financial Statements for the year ended 31 July 2023

Consolidated Statement of Comprehensive Income

	Notes	Year ended 31 July 2023		Year ended 31 July 2022	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	44,817	44,817	46,758	46,758
Tuition fees and education contracts	3	6,166	6,166	5,896	5,896
Other grants and contracts	4	1,941	1,941	1,526	1,526
Other income	6	3,384	3,384	2,378	2,378
Total income		56,308	56,308	56,558	56,558
EXPENDITURE					
Staff costs	7	37,863	37,449	38,054	37,605
Fundamental restructuring costs	7	197	197	269	269
Other operating expenses	8	15,418	15,833	11,943	12,382
Depreciation and amortisation	10/11	4,781	4,781	3,856	3,856
Interest and other finance costs	9	482	482	1,325	1,325
Total expenditure		58,741	58,742	55,447	55,437
Surplus /(Deficit) before other gains and losses		(2,433)	(2,434)	1,110	1,120
Gain on disposal of assets		0	0	23	23
Surplus / (Deficit) before tax		(2,433)	(2,434)	1,133	1,143
Taxation		-	-	-	-
Surplus /(Deficit) for the year		(2,433)	(2,434)	1,133	1,143
Actuarial Gain/ (Loss) in respect of pensions schemes	17	6,161	6,161	60,048	60,048
Total Comprehensive income for the year		3,728	3,727	61,182	61,192
Represented by:					
Restricted comprehensive income		-	-	-	-
Unrestricted comprehensive Income		3,728	3,727	61,182	61,192
Surplus/(deficit) for the year		3,728	3,727	61,182	61,192
Surplus / (Deficit) for the year attributable to:					
Non-controlling interest		-	-	-	-
Group		(2,433)	(2,434)	1,133	1,143
Total Comprehensive Income for the year attributable to:					
Non-controlling interest		-	-	-	-
Group		3,728	3,727	61,182	61,192

The notes on pages 45 to 69 form part of the financial statements.

DCG

Report and Financial Statements for the year ended 31 July 2023

Consolidated and College Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
Group	£'000	£'000	£'000
Balance at 01 August 2021	12,925	7,500	20,425
Surplus/(deficit) from the income and expenditure account	1,133	-	1,133
Other comprehensive income	60,048	-	60,048
Transfers between revaluation and income and expenditure reserves	(2)	-	(2)
Total comprehensive loss for the year	61,179	-	61,179
Balance at 31 July 2022	74,104	7,500	81,604
Deficit from the income and expenditure account	(2,433)	-	(2,433)
Other comprehensive income	-	-	-
Transfers between revaluation and income and expenditure reserves	6,161	-	6,161
Total comprehensive income for the year	3,728	-	3,728
Balance at 31 July 2023	77,832	7,500	85,332
College			
Balance at 01 August 2021	12,702	7,500	20,202
Surplus from the income and expenditure account	1,143	-	1,143
Other comprehensive income	60,048	-	60,048
Transfers between revaluation and income and expenditure reserves	-	-	-
Total comprehensive income for the year	61,191	-	61,191
Balance at 31 July 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 for the year	3,727	-	3,727
Balance at 31 July 2023	77,620	7,500	85,120

The notes on pages 45 to 69 form part of the financial statements.

DCG

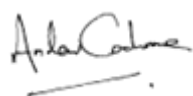
Report and Financial Statements for the year ended 31 July 2023

Consolidated and College Balance Sheet as at 31 July

	Notes	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Non current assets					
Tangible Fixed assets	10	90,418	90,418	92,022	92,023
Intangible Fixed Assets (Software)	11	264	264	147	147
Investments	12	-	14	-	14
		90,682	90,696	92,169	92,183
Current assets					
Stocks		130	130	134	134
Trade and other receivables	13	2,357	2,357	1,986	1,986
Cash and cash equivalents	18	15,276	15,045	14,416	14,188
		17,763	17,532	16,536	16,308
Less: Creditors – amounts falling due within one year	14	(14,352)	(14,397)	(13,058)	(13,106)
Net current assets		3,411	3,135	3,478	3,202
Total assets less current liabilities		94,093	93,831	95,647	95,386
Creditors – amounts falling due after more than one year	15	(3,948)	(3,948)	(4,247)	(4,247)
Provisions					
Defined benefit obligations	17	-	-	(4,954)	(4,954)
Other provisions	17	(4,813)	(4,763)	(4,842)	(4,792)
Total net assets		85,332	85,120	81,604	81,393
Unrestricted Reserves					
Income and expenditure account		77,832	77,620	74,104	73,892
Revaluation reserve		7,500	7,500	7,500	7,500
Total unrestricted reserves		85,332	85,120	81,604	81,393

The notes on pages 45 to 69 form part of the financial statements.

The financial statements on pages 41 to 69 were approved and authorised for issue by the Corporation on 11 December 2023 and were signed on its behalf on that date by:



Andrew Cochrane
Chair of Governors



Mandie Stravino OBE
Accounting Officer

DCG

Report and Financial Statements for the year ended 31 July 2023

Consolidated Statement of Cash Flows

	Notes	2023 £'000	2022 £'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		(2,433)	1,133
Adjustment for non-cash items			
Depreciation and amortisation		4,781	3,856
(Increase) / decrease in stocks		-	-
Decrease/ (Increase) in debtors		(374)	346
Increase/(Decrease) in creditors due within one year		1,294	1,446
Increase/ (Decrease) in provisions		553	76
Pensions costs less contributions payable		632	4,045
Taxation		-	-
Adjustment for investing or financing activities			
Investment income		-	-
Interest payable		169	41
Taxation paid		-	-
Profit on sale of fixed assets		-	(23)
Net cash flow from operating activities		<u>4,622</u>	<u>10,920</u>
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	23
Investment income		-	-
Payments made to acquire fixed and intangible assets		(3,295)	(6,753)
Net cash flow from investing activities		<u>(3,295)</u>	<u>(6,730)</u>
Cash flows from financing activities			
Interest paid		(169)	(41)
Repayments of amounts borrowed		(298)	(298)
Net cash flow from financing activities		<u>(467)</u>	<u>(339)</u>
Increase in cash and cash equivalents in the year		<u>860</u>	<u>3,851</u>
Cash and cash equivalents at beginning of the year	18	14,416	10,565
Cash and cash equivalents at end of the year	18	15,276	14,416

The notes on pages 45 to 69 form part of the financial statements.

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 2022 to 2023 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The college is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

Rounding and Presentational currency

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

Basis of consolidation

The consolidated financial statements include the Group 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. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the Group does not control those activities. All financial statements are made up to 31 July 2023.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the 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 £4.2m 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 but has become a more significant focus in the light of post Covid and in the light of the cost of living crises and exceptional inflationary pressures. This involved a forecast and various scenario plans covering the period 1 August 2022 to 31 December 2024 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.

Notes to the Accounts

1. Statement of accounting policies and estimation techniques (*continued*)

Going concern (*continued*)

A number of scenarios were modelled for the cash flow forecasts for the period 1 August 2023 to 31 December 2024 with resilience testing also performed. As a significant and increasing element of our income is funded either directly or indirectly by the Government, this means that cash inflow is already quantified and guaranteed for a significant portion of our income.

The forecasts demonstrate that the College remains financially viable and is able to meet all its financial obligations as they fall due with significant cash balances being maintained, all loan payments being made on time and covenant compliance being maintained for at least 12 months from the 11 December 2023.

At the date of approval of these financial statements, the Corporation has prepared cash flow forecasts to 31 December 2024 and performed an assessment which considers a period of at least 12 months from this date of approval. In the event that the actual position is worse than that modelled in the forecasts, the Corporation Members have a reasonable expectation that the College's current liquidity and the further mitigation actions available would enable the College to respond to such circumstances. As such, the Corporation Members acknowledge that uncertainty exists but do not consider this to be material uncertainty in relation to going concern that would cast doubt on the College's ability to continue as a going concern.

At the date of approval of these financial statements and having taken into consideration all of the aforementioned comments, the Corporation Members consider that the College has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the signing of these financial statements. Therefore the Corporation Members consider it appropriate to continue to adopt the going concern basis in preparing the annual financial statements.

Recognition of income

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.

Over achievement of the Adult Education Budget and the Pre-Levy Apprenticeships Allocation is not recognised in the income and expenditure account as ESFA funding rules do not confirm payment of over delivered funding. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from the Office for Students ('OfS') represents the funding allocations attributable to the current financial year and is recognised when received or receivable.

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. Any under achievement for the Adult Education Budget and the Pre-Levy Apprenticeship Allocation is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account.

Notes to the Accounts

1. Statement of accounting policies and estimation techniques (*continued*)

Recognition of income (*continued*)

Grants (including research grants) from non-government sources are recognised in income when the Group 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.

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.

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.

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

DCG acts as an agent in the collection and payment of 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 DCG where DCG is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

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.

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

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the 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 other recognised gains and losses.

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

Notes to the Accounts

1. Statement of accounting policies and estimation techniques (*continued*)

Short-term employment benefits

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

Enhanced Pensions

The actual cost of any enhanced ongoing pension to former members 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 DCG's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. Land has been revalued as at 1 April 2014 on a fair market value, in accordance with the RICS Redbook.

Land and buildings

Freehold land is not depreciated.

Freehold buildings are depreciated over their expected useful economic life to DCG of between 25 and 50 years. DCG has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 8 and 25 years.

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

On adoption of FRS 102, DCG followed the transitional provision to retain the book value of land and buildings, which were revalued with an effective date at 1 August 2014, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

Equipment

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

Notes to the Accounts

1. Statement of accounting policies and estimation techniques (*continued*)

Non-current Assets - Tangible fixed assets (*continued*)

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- | | |
|---|---------------|
| • general equipment; furniture, fixtures and fittings | 3 to 10 years |
| • motor vehicles | 3 to 5 years |
| • computer equipment | 5 years |
| • IT network infrastructure | 10 years |

Intangible assets and goodwill

Software development costs are capitalised over the planned useful life.

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

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

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

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

Investments

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 FIFO 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.

Notes to the Accounts

1. Statement of accounting policies and estimation techniques (*continued*)

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 DCG 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.

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
- a reliable estimate can be made of the amount of the obligation.

Notes to the Accounts

1. Statement of accounting policies and estimation techniques (*continued*)

Provisions and contingent liabilities (*continued*)

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

A contingent liability arises from a past event that gives DCG a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of DCG. 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.

A provision for dilapidations relating to the withdrawal from the Johnson Building in 2029 has been recognised, based on estimates of the cost to make repairs to the building prior to exit.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by DCG either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of 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.

Other key sources of estimation uncertainty

- *Tangible fixed assets*
Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In 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.
- *Local Government Pension Scheme*
The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- *Provisions*
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	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and skills funding agency - Adult	4,772	4,772	4,726	4,726
Education and skills funding agency – 16-18	31,503	31,503	28,538	28,538
Education and skills funding agency – Apprenticeships	6,692	6,692	7,010	7,010
Office for students	539	539	566	566
Specific grants				
European social fund	494	494	525	525
Release of government capital grants	817	817	5,393	5,393
Total	44,817	44,817	46,758	46,758
3 Tuition fees and education contracts	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	1,742	1,742	1,189	1,189
Apprenticeship fees and contracts	72	72	113	113
Fees for FE loan supported courses	318	318	378	378
Fees for HE loan supported courses	999	999	1,242	1,242
Total tuition fees	3,131	3,131	2,922	2,922
Education contracts	3,035	3,035	2,974	2,974
Total	6,166	6,166	5,896	5,896
4 Other grants and contracts	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other Government	1,941	1,941	1,526	1,526
Total	1,941	1,941	1,526	1,526

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Notes to the Accounts

5 Details of grant and fee analysis including HE

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Grant income from OFS	540	540	394	394
Grant income from other bodies	46,218	46,218	47,741	47,741
Fee income for taught awards (exclusive of Vat)	1,277	1,277	1,543	1,543
Fee income from non-qualifying courses (exclusive of Vat)	4,889	4,889	4,353	4,353
Total	52,924	52,924	54,030	54,030

6 Other income

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	602	602	500	500
Other income generating activities	601	601	877	877
Other grant income	1,666	1,666	704	704
Non-government capital grants	13	13	15	15
Miscellaneous income	502	502	282	282
Total	3,384	3,384	2,378	2,378

7 Staff costs – Group and College

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

	2023	2022
	No.	No.
Teaching staff	746	679
Non-teaching staff	211	209
	957	888

Notes to the Accounts

7 Staff costs – Group and College (continued)**Staff costs for the above persons**

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Wages and salaries	27,726	27,383	26,616	26,298
Social security costs	2,617	2,592	2,345	2,326
Other pension costs	6,476	6,470	8,231	8,225
Payroll sub total	36,819	36,445	37,192	36,849
Contracted out staffing services	1,044	1,004	862	756
	37,863	37,449	38,054	37,605
Fundamental restructuring costs - Contractual	197	197	269	269
Total Staff costs	38,060	37,646	38,323	37,874

Severance payments

The group paid 3 severance payments in the year, disclosed in the following bands:

£0-£25,000	3
£25,000 - £50,000	0
£50,000 - £100,000	0
£100,000 - £150,000	0
£150,000 +	0

List of Senior post holders covered by the Remit of the Remuneration Committee

Mandie Stravino OBE
Heather Simcox

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

In considering reward proposals for the Chief Executive, the Senior Post Holder 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.

Notes to the Accounts

7 Staff costs – Group and College (*continued*)

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
- 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.

Policy on income derived from external Activities

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

Pay Multiple

The total pay multiple of the Group Chief Executive's earnings against the median of the Group's whole workforce is: 6.27:1. including total emoluments, the ratio of the Group Chief Executive total emoluments against the Median of the Group's whole workforce 6.40:1. Further detail of changes over an extended period of time, will be detailed in future annual reports.

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.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of DCG and are represented by the Executive Team which comprises the Chief Executive; Deputy Chief Executive; Chief Finance Officer; Staff costs include compensation paid to key management personnel for loss of office.

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

	2023	2022
	No.	No.
The number of key management personnel including the Accounting Officer was:	3	4

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Notes to the Accounts

7 Staff costs – Group and College (continued)

The below table excludes staff that joined or left in the year but would have been included in the bandings below.

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

	Key management personnel		Other staff	
	2023	2022	2023	2022
	No.	No.	No.	No.
£60,001 to £65,000 p.a.	-	-	3	3
£65,001 to £70,001 p.a.	-	-	-	1
£70,001 to £75,000 p.a.	-	-	2	-
£75,001 to £80,000 p.a.	-	-	1	1
£85,001 to £90,000 p.a.	-	-	1	1
£95,001 to £100,000 p.a.	-	-	-	-
£110,001 to £115,000 p.a.	1	-	-	-
£125,001 to £130,000 p.a.	1	1	-	-
£170,001 to £175,000 p.a.	-	1	-	-
£175,001 to £180,000 p.a.	1	-	-	-
	3	2	7	6

Key management personnel compensation is made up as follows:

	2023	2022
	£'000	£'000
Salaries	422	385
Employers National Insurance (or Social Security contributions)	55	51
Benefits in kind	1	1
	478	437
Pension contributions	79	69
Total key management personnel compensation	557	506

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

The above compensation includes amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	2023	2022
	£'000	£'000
Salaries	179	177
Benefits in kind	1	1
	180	178
Pension contributions	34	32

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Notes to the Accounts

7 Staff costs – Group and College (continued)

	2023	2022
	£'000	£'000
Compensation paid to the former post-holder – contractual	-	-
Estimated values of other benefits, including provision for pension benefits	-	76

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

8 Other operating expenses

	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	5,407	5,407	4,485	4,485
Subcontracting costs	1,597	1,597	1,329	1,329
Non-teaching costs	1,969	1,971	1,765	1,754
Premises costs	6,445	6,858	4,364	4,814
Total	15,418	15,833	11,943	12,382

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

	Total £	Above £5,000	Reason
Compensation payments	-	-	-
Write off and losses	£5,880	0	Sales ledger bad debt
Guarantees, letters of comfort and indemnities	-	-	-

Other Operating expenses include:

	2023	2022
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	101	75
Internal audit*	36	21
Other services provided by the financial statements auditor	15	4
Other services provided by the internal auditors	-	-
Hire of assets under operating leases	1,304	1,438

9 Interest and other finance costs – Group and College

	2023	2022
	£'000	£'000
On bank loans, overdrafts and other loans	169	41
Pension finance costs	313	1,284
Total	482	1,325

Notes to the Accounts

10 Tangible fixed assets (Group)

	Land and buildings		Equipment	Asset in the	Total
	Freehold	Long leasehold		course of construction	
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2022	122,615	907	12,002	1,429	136,953
Additions	917	-	1,826	365	3,108
Disposals	-	-	(3)	-	(3)
Transfers	1,057	-	295	(1,352)	-
At 31 July 2023	124,589	907	14,120	442	140,058
Depreciation					
At 1 August 2022	34,967	907	9,058	-	44,932
Charge for the year	3,375	-	1,336	-	4,711
Elimination in respect of disposals	-	-	(3)	-	(3)
At 31 July 2023	38,342	907	10,391	-	49,640
Net book value at 31 July 2023	86,247	-	3,729	442	90,418
Net book value at 31 July 2022	87,648	-	2,944	1,429	92,021

10 Tangible fixed assets (College)

	Land and buildings		Equipment	Asset in the	Total
	Freehold	Long leasehold		course of construction	
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2022	122,613	907	11,820	1,429	136,769
Additions	917	-	1,826	365	3,108
Disposals	-	-	(3)	-	(3)
Transfers	1,057	-	295	(1,352)	-
At 31 July 2023	124,587	907	13,938	442	139,874
Depreciation					
At 1 August 2022	34,962	907	8,875	-	44,746
Charge for the year	3,376	-	1,337	-	4,713
Elimination in respect of disposals	-	-	(3)	-	(3)
At 31 July 2023	38,339	907	10,210	-	49,456
Net book value at 31 July 2023	87,248	-	3,728	442	90,418
Net book value at 31 July 2022	87,651	-	2,943	1,429	92,023

Land 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.

DCG

Report and Financial Statements for the year ended 31 July 2023

Notes to the Accounts

11 Intangible Assets

	Equipment - Software	
	Group	College
	£'000	£'000
Cost or valuation		
At 1 August 2022	667	667
Additions	187	187
Disposals	-	-
At 31 July 2023	854	854
Depreciation		
At 1 August 2022	520	520
Charge for the year	70	70
Elimination in respect of disposals	-	-
At 31 July 2023	590	590
Net book value at 31 July 2023	264	264
Net book value at 31 July 2022	147	147

12 Non-current investments

	College	College
	2023	2022
	£'000	£'000
Investments 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

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Notes to the Accounts

13 Debtors	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables	722	722	328	328
Prepayments and accrued income	987	987	1,116	1,116
Amounts owed by the ESFA	648	648	542	542
Total	2,357	2,357	1,986	1,986

14 Creditors: amounts falling due within one year

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	298	298	298	298
Trade payables	488	487	220	220
Amounts owed to group undertakings:				
Subsidiary undertakings	-	56	-	54
Other taxation and social security	635	628	600	595
Accruals and deferred income	9,621	9,618	8,294	8,293
Amounts owed to the ESFA	3,310	3,310	3,646	3,646
Total	14,352	14,397	13,058	13,106

Deferred Income

Included within creditors less than one year, are the following items of income, which have been deferred until specific performance related conditions have been met.

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Capital grant income	3,933	3,933	1,295	1,295
Total	3,933	3,933	1,295	1,295

15 Creditors: amounts falling due after one year

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Bank loans	3,948	3,948	4,247	4,247
Total	3,948	3,948	4,247	4,247

Notes to the Accounts

16 Maturity of debt**Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
In one year or less	298	298	298	298
Between one and two years	304	304	303	303
Between two and five years	912	912	909	909
In five years or more	2,732	2,732	3,034	3,034
Total	4,246	4,246	4,544	4,544

Bank loans totalling £4,246,000 (2022: £4,544,000) at base rate plus a margin of 0.38% are on a fixed term facility with payments commencing in 2012.

17 Provisions

	Defined benefit obligations	Enhanced Pensions	Dilapidations	Other Provisions	Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2022	4,954	3,868	835	139	9,796
Released in the period		(320)			(320)
Expenditure in the period	817	128	553	-	1,498
Actuarial gain in respect of pension provisions	(5,771)	(390)	-	-	(6,161)
At 31 July 2023	-	3,286	1,388	139	4,813

The dilapidations provision relates to a legal requirement to carry out dilapidations work to DCG's leased building on exit. The value represents the current value of this liability. Included in other provisions is:

- S106 obligation of £90,000 in respect of previous site disposals.

The enhanced pension provision relates to the cost of staff who have already left DCG employment and commitments for reorganisation costs from which DCG cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in line with LGPS assumptions.

The principal assumptions of this calculation are:

	2023	2022
Price inflation	2.8%	2.2%
Discount rate	5.0%	1.3%

DCG

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Notes to the Accounts

18 Cash and cash equivalents (Group)

	At 1 August 2022	Cash flows	Other changes	At 31 July 2023
	£'000	£'000	£'000	£'000
Cash and cash equivalents	14,416	860	-	15,276
Total	14,416	860	-	15,276

19 Capital and other commitments

	Group and College	
	2023	2022
	£'000	£'000
Commitments contracted for at 31 July	490	1,868

20 Lease obligations

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

	Group and College	
	2023	2022
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	1,152	1,152
Later than one year and not later than five years	6,492	5,037
Later than five years	217	2,824
	<u>7,861</u>	<u>9,013</u>
Other		
Not later than one year	64	165
Later than one year and not later than five years	42	92
Later than five years	-	-
	<u>106</u>	<u>257</u>

Notes to the Accounts

21 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	2023	2022
	£'000	£'000
Teachers' Pension Scheme: contributions paid	3,666	3,190
Local Government Pension Scheme:		
Contributions paid	2,172	1,960
FRS102 (28) charge	632	3,075
Charge to the Statement of Comprehensive Income	2,804	5,035
Enhanced Pension charge to the Statement of Comprehensive Income	-	-
Total Pension Cost for the Year within staff costs	6,470	8,225

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 202 and of the LGPS 31 March 2022.

Contributions amounting to £474,000 (2022 £271,000) were payable to the schemes at 31 July and are included within creditors.

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. Teacher 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.

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 £4,897,000 (2021/22: £4,307,000).

FRS 102 (28)

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

Accordingly, the DCG 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. DCG has set out above the information available on the plan and the implications for DCG in terms of the anticipated contribution rates.

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Notes to the Accounts

21 Defined benefit obligations (*continued*)

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 2023 were £2,374,150 of which employer's contributions totalled £1,797,211 and employees' contributions totalled £593,000. The agreed contribution rates for future years are 19.5%, 20.5%, 21.6% (April 23/24/25) for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2023 by qualified independent actuary

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	4.00%	3.45%
Pension increase rate	3.00%	2.75%
Discount rate for scheme liabilities	5.05%	3.5%
Commutation of pensions to lump sums		
- Pre April 2008	50%	50%
- Post April 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:

	At 31 July 2023	At 31 July 2022
	years	Years
<i>Retiring today</i>		
Males	20.8	21.1
Females	23.8	23.8
<i>Retiring in 20 years</i>		
Males	21.6	22.2
Females	25.3	25.6

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

	Long-term rate of return expected at 31 July 2023	Fair Value at 31 July 2023 £'000	Long-term rate of return expected at 31 July 2022	Fair Value at 31 July 2022 £'000
Equity instruments	5.05%	67,858	3.50%	66,183
Debt instruments	5.05%	22,282	3.50%	23,419
Property	5.05%	8,102	3.50%	9,164
Cash	5.05%	3,038	3.50%	3,055
Total fair value of plan assets		101,280		101,820
Weighted average expected long term rate of return	5.05%		3.50%	
Actual return on plan assets		3,555		1,555

Notes to the Accounts

21 Defined benefit obligations (continued)

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

	2023	2022
	£'000	£'000
Fair value of plan assets	101,280	101,820
Present value of plan liabilities	(91,779)	(106,722)
Present value of unfunded liabilities	(47)	(52)
Restriction in relation to asset ceiling	(9,454)	-
Net pensions asset/(liability) (Note 17)	-	(4,954)

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

	2023	2022
	£'000	£'000
Amounts included in staff costs		
Current service cost	(2,786)	(5,337)
Past service cost	(38)	-
Total	(2,824)	(5,337)

Amounts included in interest and other finance costs

Net interest on defined liability	(185)	(984)
	(185)	(984)

Amount recognised in Other Comprehensive Income

Return on pension plan assets	(3,555)	(1,555)
Experience losses arising on defined benefit obligations	-	-
Changes in Demographic assumptions	(8,563)	272
Changes in assumptions underlying the present value of plan liabilities	27,343	60,533
Restriction in relation to asset ceiling	(9,454)	-
Amount recognised in Other Comprehensive Income	5,771	59,250

Notes to the Accounts

21 Defined benefit obligations (continued)**Movement in net defined benefit (liability) during year**

	2023	2022
	£'000	£'000
Net defined benefit (liability) in scheme at 1 August	(4,954)	(60,147)
Movement in year:		
Current service cost	(2,786)	(5,038)
Employer contributions	2,192	1,965
Past service cost	(38)	-
Net interest on the defined (liability)	(185)	(984)
Actuarial (loss)	15,225	59,250
Restriction in relation to asset ceiling	(9,454)	-
Net defined benefit (liability) at 31 July	-	(4,954)

Asset and Liability Reconciliation

	2023	2022
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	106,774	161,393
Current service cost	2,786	5,337
Interest cost	3,750	2,609
Contributions by Scheme participants	593	559
Experience losses on defined benefit obligations	-	-
Changes in financial assumptions	(27,343)	(60,533)
Change in demographic	7,773	(272)
Estimated benefits paid	(2,545)	(2,319)
Past Service cost	38	-
Curtailements and settlements	-	-
Defined benefit obligations at end of period	91,826	106,774

Changes in fair value of plan assets

	2023	2022
	£'000	£'000
Fair value of plan assets at start of period	101,820	101,246
Interest on plan assets	3,565	1,924
Return on plan assets	(4,345)	(1,555)
Employer contributions	2,188	1,960
Contributions by Scheme participants	593	559
Estimated benefits paid	(2,541)	(2,314)
Fair value of plan assets at end of period	101,280	101,820

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Notes to the Accounts

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

	2023	2022
	£'000	£'000
Fair value of plan assets	101,280	101,820
Present value of plan liabilities	(91,779)	(106,722)
Present value of unfunded liabilities	(47)	(52)
Net pensions asset/(liability)	9,454	(4,954)
Restriction to level of asset ceiling	(9,454)	-
Net asset/(liability) recognised in the balance sheet	-	(4,954)

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.

22 Analysis of changes in net debt

	At 1 August 2022	Cash flows	At 31 July 2023
	£'000	£'000	£'000
Cash and cash equivalents			
Cash in hand, and at bank	14,416	860	15,276
Overdrafts	-	-	-
	14,416	860	15,276
Borrowings			
Bank loans	(4,544)	298	(4,246)
Finance leases	-	-	-
Total	9,872	1,158	11,030

23 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 £1,489; 1 governor (2021/22: £1,100 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 (2020/21: Nil).

The total sales to Rolls Royce PLC in the year £248,633 (2021/22: £395,000). The balance owed by Rolls Royce PLC on 31 July 2023 was £8,162 (2021/22: £64,000). The total purchases to Rolls Royce PLC in the year were £23,500 (2021/22: £43,000) the balance owed to Rolls Royce PLC on 31 July 2023 was Nil (21/22: Nil)

The total Sales to Derby City Council in the year was £1,425,329 (2021/22: £1,436,000) the balance owed by Derby City Council on 31 July 2023 was £48,572 (2021/22: Nil). The total purchases to Derby City Council £87,483 (2021/2022: Nil) the balance owed to Derby City Council on 31 July 2023 was Nil (2021/22: Nil)

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Notes to the Accounts

23 Related party transactions (continued)

The total sales to Nottingham Trent University in the year was £3,750 (2021/22 Nil). DCG Expenditure with Nottingham Trent University in the year were Nil (2021/22 £6,000) – The balance owed to Nottingham Trent University on 31 July 2023 was Nil (2021/22: Nil)

Total sales to YMCA Derby in the year was £11,060 (2021/22 Nil) the balance owed on 31 July 2023 was £3,300 (2021/22 Nil). DCG Expenditure with YMCA Derby in the year were Nil (2021/22 £11,000) – the balance owed to YMCA Derby to on 31 July 2023 was Nil (2021/22: Nil)

DCG expenditure transactions with Flint Bishop LLP in the year were £18,069 (2021/22: £15,000) - The balance owed to Flint Bishop on 31 July 2023 was £1,200 (2021/22: Nil).

DCG Expenditure with PKF Smith Cooper was £1,800 in 2023 (2021/22: £3,000) and the amount owed on 31 July 2023 was Nil (2021/22: Nil).

DCG Expenditure in the year with DCG Services limited was £479,000 (2021/22 £514,000), an amount of £56k was owed to DCG Services Limited by DCG on 31 July 2023.

DCG Expenditure in the year with Derby College Student Union was £13,125 (2021/22: Nil).

DCG Expenditure in the year with the Derby Diocesan was £500 (2021/22: Nil).

DCG Expenditure in the year with the East Midlands Institute of Technology was £18,000 (2021/22: Nil).

24 Amounts disbursed as agent

	2023	2022
	£'000	£'000
Learner support funds:		
Funding body grants – discretionary learner support	896	1,279
Funding body grants – discretionary learner support b/f	1,131	-
Funding body grants – residential bursaries	43	4
	<u>2,070</u>	<u>1,283</u>
Disbursed to students	(1,027)	(870)
Administration costs	(51)	(43)
	<u>992</u>	<u>370</u>
Balance unspent as at 31 July, included in creditors		

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

Notes to the Accounts

25 Access and Participation Plan Expenditure 2022-23

	2023 £'000	2022 £'000
Access investment	99	80
Financial support	53	41
Support for disabled students	33	31
Research and Evaluation	10	16
	<u>195</u>	<u>168</u>

The total of the approved expenditure in our Access and participation plan for the year ended 31 July 2023 was £127,655 (2021/22 £133,921).

The details of the approved plan for 2022-23 can be found at:

https://apis.officeforstudents.org.uk/accessplansdownloads/2024/DerbyCollegeGroupDCG_APP_2020-21_V1_10001919.pdf

Staff costs of which £126,922 have been included in the above APP Expenditure analysis, are recorded in Note 8 of the accounts.