

Hartpury College of Further Education

Report and Financial Statements

for the year ended 31 July 2023

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2022/23:

Mr R Marchant	Principal and CEO; Accounting Officer (until 31 st August 2022)
Professor Andy Collop	Principal and CEO; Accounting Officer (from 1 st September 2022)
Ms C Whitworth	Deputy-Principal - Further Education

Board of Directors

A full list of Directors is given on page 9 of these financial statements.

Professional advisers

Financial statements auditors and reporting accountants

Mazars LLP
90 Victoria Street
Bristol
BS1 6DP

Internal auditors

TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham
PO14 1AH

Bankers

Lloyds
PO Box 1000
Corn Street
Bristol
BX1 1ST

Solicitors

Birketts
141 – 145 Princes Street
Ipswich
Suffolk
IP1 1QJ

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HARTPURY COLLEGE OF FURTHER EDUCATION

Directors' Report

Nature, Objectives and Strategies

The Board presents its annual report together with the audited financial statements for the year ended 31 July 2023.

Legal Status

Hartpury College of Further Education ("Hartpury College") is a private company limited by guarantee and a wholly owned subsidiary of Hartpury University (Hartpury). Hartpury College of Further Education was designated by the Secretary of State on 1st August 2018 as a Further Education Institution. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011 and complies with the requirements of the Further Education Accounts Direction and Companies Act 2006.

ONS Reclassification of Further Education Colleges

On the 29 November 2022, the Office for National Statistics (ONS) announced that further education colleges, sixth-form colleges and designated institutions in England ('colleges') were reclassified to the central government sector. This means that colleges and their subsidiary companies must now meet the overall requirements in HM Treasury's document, 'Managing Public Money' (MPM), and other related obligations.

The Board of Hartpury College have assessed the impact of these changes on the College. Given the corporate structure that Hartpury College is part of the impact is less than for many colleges. Where necessary the Board have ensured that appropriate steps are in place to ensure the limited impact is understood, managed and reporting is taking place as required by the Department for Education and HM Treasury.

The major changes within these accounts to reflect this change are detailed below:

- The Statement of Corporate Governance and Internal Control now specifically addresses whether policies, procedures and approval processes were updated to ensure compliance with the new MPM requirements following reclassification
- Reference has now been made in the model Statement of Responsibilities of the Members of the Corporation to the delegated authorities
- The Statement of Regularity, Propriety and Compliance specifically address compliance with the expanded framework of authorities, the newest elements of which are outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.
- College is now required to disclose the number of severance payments they made by band during the period of the financial statements, as well as the individual value of any special severance payments
- Enhanced disclosure is also required where applicable covering:
 - 'Write-offs and losses'
 - 'Guarantees, Letters of Comfort, and Indemnities'
 - 'Compensation Payments and Ex gratia payments'

Mission, Vision and Values

Mission

The College's mission as approved by the Governors is:

"Hartpury College will be a specialist provider delivering relevant, effective and high-quality education and training for employment in land based, sports and allied industries; locally, regionally, nationally and internationally."

Resources

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

Financial

The College has accumulated reserves of £976,469 (2021/22 - £1,050,756) and cash and short-term investment balances of £2,519,756 (2021/22 - £744,099). The College continues to manage its cost base tightly and is growing student numbers year on year. As part of the wider Hartpury University group (Hartpury), the College works in partnership with the University to deploy its financial resources in the interests of its students and to improve the facilities of the Hartpury, which in turn provides access for College students and staff to state of the art facilities. This is achieved through the agreement by both the Board of the University and College Board agreeing a joint Business Plan for the future development of the Hartpury.

People

The College employs 130 people (expressed as full-time equivalents), most of whom are teaching staff.

Reputation

The College's reputation locally, nationally and internationally remains high and the need to maintain a quality brand is recognised as essential for the College's success in attracting students and external relationships.

Strategy 2025

The 2025 strategy reflects the impact of Hartpury's university status, the improving demographics over the period of the strategy and the need to continue to invest in the site to grow and improve facilities.

The strategy reflects the increasing demand for places at Hartpury in the University and the College and the need to attain an optimum size to provide financial resilience. The need to meet the increasing demand is tempered by the reality of ensuring that the student experience remains high and that all students have access to the best possible and most up to date facilities that can be offered.

The vision is to create a university with 2,500 undergraduates and up to 500 postgraduates, alongside a college with 2,000 students. The latter has been achieved by the College. It does however require significant investment in the campus, both in creating new

HARTPURY COLLEGE OF FURTHER EDUCATION

Directors' Report (continued)

facilities and refurbishing existing facilities, to maintain and enhance the quality of the student experience and meet recruitment targets. Growth of this order can generate the income to fund the investment required.

Within the Strategy to 2025, Hartpury's strategic priorities are identified as:

Being the best we can be

Hartpury will be relentless in the pursuit of excellence, building upon its reputation as a world-class provider of specialist further and higher education.

To develop our high academic standards, we will:

- Retain our TEF Gold and our Ofsted Outstanding ratings
- Attain sector leading student satisfaction scores
- Contribute to new knowledge and transfer into practice, at national and international levels
- Continue to aim for the best possible student experience

Building strength through partnerships

Our development will be enabled through effective partnerships and collaborations with those who share our vision for the future.

As a result of effective partnerships, we will:

- Create Hartpury University and Hartpury College side by side on the same campus, with parity of esteem
- Work in partnerships with our students, staff and parents, supporting them to achieve their full potential
- Drive forward successful centres of hubs, to support the sharing of best practice and research in the agriculture, equine, animal and sports industries
- Contribute to economic and community development within our region
- Work closely with employers and industry to shape the specialist education we provide

Inclusive in all we do

We will create an inclusive and accessible environment that promotes respect for our students, staff and the wider community.

Through our culture and frameworks, we will:

- Pro-actively recognise and promote equality, diversity and wellbeing within our community
- Support Students from under-represented groups to access, succeed and progress at Hartpury
- Strive to achieve and sustain sector leading student and staff retention rates
- Commit to listening to the student and staff voice and utilising it to enhance activity

Financial Strategy

To align with the overarching strategy a financial strategy for the Hartpury has been developed which underpins the forward financial plan. This Financial Strategy supports Hartpury aims by recognising the challenge of providing finance to enable growth whilst at the same time maintaining strong financial controls. The recent history of Hartpury has shaped the current balance sheet which forms the baseline for the financial strategy to fund these priorities. Against this background the financial strategy is to:

- Provide sufficient funds to enable curriculum maintenance and development
- Provide sufficient funds to maintain existing resources
- Enable the funding of future facilities
- Provide long term financial continuity and sustainability
- Manage financial risk

The aim of continuing to grow in a resource efficient manner defines the scope of future income and the broad portfolio of courses and related facilities. Continued growth and maintaining an outstanding student experience both require increased funds to invest in new capital projects while maintaining the existing infrastructure. Standing still in a highly competitive education market which continues to develop and evolve is not seen as an option.

The financial strategy should above all ensure the continued confidence of stakeholders to support Hartpury, be they funding agencies, the banks, employees, students or others.

Strategic Priority – Maximising efficiency

Whilst Hartpury is financially sound, there needs to remain a strong focus on ensuring that systems and processes work as effectively and efficiently as possible in order to generate surpluses and cash on an annual basis. The underlying systems and processes within Hartpury need to be reviewed to ensure that duplication of effort is minimised, IT solutions are used effectively to drive efficiency and that decisions are made with a view to ensure that the on-going financial implications are understood and accepted.

By ensuring that processes work more effectively and efficiently, better use can be made of resources both human and physical and thus ensure that there is more cash resource available to invest for the long term. To achieve this position Hartpury is embarking on a Continuous Improvement journey using Lean methodologies to improve efficiency.

Strategic Priority - Maximising capital grants and other capital funding

Hartpury has historically not been as successful as some of its competitors in attracting both grant and other funding to support capital developments. With continued pressure on government grants for developments there is a need to be more responsive and focussed when looking at government backed grant funding. Allied to this the ability to attract donations and funding from individual and charitable trusts will enable the pre-requisite 'match funding' required by most grants to be met.

HARTPURY COLLEGE OF FURTHER EDUCATION

Directors' Report (continued)

The benefits of focussed attention to identify potential charitable donors to Hartpury are beginning to have a positive impact. Overall funding from charitable sources and alumni should not be regarded as a key provider of funds at this stage but rather as a means of potentially accelerating projects.

Strategic Priority – Continue to de-risk the financial position of Hartpury

The current major risks for Hartpury's financial position are the variability in the monthly cash flows over the financial year and the high level of debt burden that Hartpury carries. Clearly, continuing to recruit and grow student numbers and managing operating cost base are also key.

The cash reserves risk will be impacted by the first strategic priority above and with prudent cash management will ensure the cash position remains positive. With regard to debt levels, these remain high. Hartpury will continue in the long term, through the strong cash generation of the operations to aggressively reduce the debt level, as a percentage of income. The portfolio of debt held by Hartpury will continue to be reviewed and consideration will be given to re-financing to reduce debt servicing costs and further manage down the overall debt level.

Strategic Priority - Accumulation of cash reserves to enable planned facilities development

Although Hartpury continues to operate in a period of considerable uncertainty surrounding future funding, its diversified income stream reduces financial risk. The 40/60 split of FE and HE income, the low reliance on FE 19+ provision and substantial commercial and other income has, together with a strong financial control environment and the ability to make tough decisions, when necessary, allowed Hartpury to withstand the impact of multiple funding cuts in FE since 2008. There are some consequences of this, notably pressure on salaries when the economy comes out of recession and a shortfall on maintenance of premises and facilities. However, the projections for cash generation over the next period of the strategy remain positive.

Strategic Priority – To identify new funding to enable planned facilities development

To service the planned growth in student numbers a key part of the strategy is to continue to develop the site to accommodate more students, refurbish existing facilities and ensure that the campus continues to offer a learning experience which is outstanding.

As a cash generative operation Hartpury can contribute significantly to this strategy. However, to accelerate developments and to ensure that student experience is not negatively impacted as developments lag growth, external funding will be required to support the plans.

It is proposed to pursue two lines of external support to enable the delivery of the strategy to 2025. Additional loans will be sought to support the development of new learning and teaching facilities on site, to be supplemented by cash generated by Hartpury.

For facilities which generate income directly, new funding models will be pursued which enable the developments to be funded and run by others but enabling Hartpury students to benefit from these developments. This funding methodology could be utilised for both on campus and off campus accommodation developments.

Performance Indicators

Key performance indicators are monitored across the whole College. Set out below are the key indicators for FE academic and College financial performance as well as key group indicators for HR. These are monitored and discussed throughout the College by governors and staff. Where indicators are below target remedial action is discussed, action plans are developed and then implemented – progress against targets is then monitored on a regular basis. Where targets are exceeded in any one year, the targets for subsequent years are realigned, wherever possible, in a programme of continuous improvement.

Key FE Performance Indicators	2022-23 KPI Target	2022-23 Performance
Attendance	97%	97.9%
Quality of TLA	95%	92%
Long Level 2		
Retention	95%	94%
Achievement/Pass	100%	100%
Achievement	95%	94%
Long Level 3 BTEC		
Retention	93%	91.6%
Achievement/Pass	100%	99.4%
Achievement	93%	91.1%
Long Level 3 A Levels		
Retention	91%	85.5%
Achievement/Pass	100%	98.4%
Achievement	91%	84.1%
Progression to a positive destination	98%	97%
Student Satisfaction	97.5%*	95.7%*

* average of autumn and summer target

Please note that all targets are stretch targets

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Directors' Report (continued)

Key HR performance indicators	2022-23 KPI Target	2022-23 Performance
Sickness levels – average days lost per annum	5	4.96
Staff turnover – voluntary	10%	15%
% FE Academic staff achieved/working towards teaching qualification	100%	100%

The College is committed to observing the importance of sector measures and indicators and uses measures such as the Department for Education (DfE) performance data and ESFA, Education and Training National Achievement Rate Tables to enable benchmarking.

The College is required to complete the annual Finance Record for the ESFA. The Finance Record produces a financial health grading. The current rating of Outstanding is considered an acceptable outcome.

Financial Performance

Financial Results

For the year ended 31 July 2023, the College achieved a surplus of £976,469 (2021/22 - £1,050,756) before other gains and losses and tax. The College has transferred this surplus to the income and expenditure account.

The table below shows some key financial figures and ratios for the College.

	2022/23	2021/22	2020/21
Total income (£,000)	14,096	13,181	12,356
Surplus for the year (before taxation) (£,000)	976	1,051	1,202
Income and expenditure reserve (£,000)	976	1,051	1,202
General reserve to total income	6.92%	7.97%	9.73%
Funding Body income as % of total	94.03%	97.15%	97.55%
Staff Costs (£,000)	6,763	6,285	5,624
Staff Costs as a % of income	47.98%	47.68%	45.52%

The College has accumulated reserves of £976k and cash and short-term investment balances of £2,520k. The College seeks to achieve a return on income of at least 3%. In this way it will increase reserves year on year thereby strengthening the balance sheet. The continued generation of retained surpluses will allow the accumulation of significant levels of cash for future investment in facilities, through the transfer of the reserves to Hartpury.

The College has an agreed budget for 2023/24. This shows outstanding financial health. The College generates at least a 3% surplus as a percentage of income each year and forecasts improving liquidity each year.

Treasury Policies and objectives

Treasury management is the management of the College's cash flows, its banking and money market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

Hartpury has a treasury management policy which is applied to all companies in the Group, including Hartpury College.

Cash flows and liquidity

Hartpury College, as a subsidiary of Hartpury University, supports the wider Hartpury cash position during the financial year through a transfer of cash balances. Hartpury College ensures that it always has more than sufficient funds to hand to settle its ongoing commitments.

Reserves Policy

The College seeks to ensure that it retains sufficient reserves to support its core activities. The College aims to retain liquid cash reserves of no less than £500k at the end of each financial year with any excess cash being gift aided to its parent, Hartpury University, for investment in line with the jointly agreed Operational Plan for the group. It is noted that liquid cash reserves at that level were achieved at the year end.

Payment Performance

Unless otherwise agreed, it is the College's policy to pay all of its suppliers within 30 days of the end of the month in which it receives the invoice for goods or services or if later, after acceptance of the goods and services in question. These terms are published on the College's website.

Events after the end of the reporting period

There are no significant post balance sheet events

Current and Future Development and Performance

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Directors' Report (continued)

Hartpury has continued to develop and move positively to achieving our 2025 strategy. FE student numbers are already at the target for 2025 and attention now turns to FE growth in non-core areas such as Apprenticeships, Adult Education and short courses. Our outcomes have continued to be high with a 100% pass rate for A Levels and with BTEC Level 2 and 3 having pass rates in excess of the latest published benchmarks. Improved student retention and strong financial management of expenditure has resulted in a higher than forecast operating surplus and higher than budgeted cash generation.

The delivery of increased and improved student facilities has continued in 2022/23. During the year our new restaurant, café and teaching facility on site was fully operational providing much needed teaching and social space for students. Hartpury worked with a consortium of Gloucestershire-based FE Colleges to develop a bid to the Department of Education's (DfE) Strategic Development Fund (SDF). As a result of this bid Hartpury secured funding to develop a Digital Studio, setting a new standard for agri-tech innovation in Gloucestershire. Designed to inspire the next generation of farmers, the innovative new teaching facility gives students access to the latest in agri-technology and precision smart farming simulation. Work on our University Learning Centre continues which is due for handover later in 2023 ready for Semester 2. To meet our growing needs, we have invested over £4.4m in providing a new power supply to site which will future proof our power needs and provide the infrastructure to enable us to better utilise power generated on-site from sustainable sources in the future.

We have built on our breadth of offer and focus on industry to enable us to extend our reach locally and regionally. In 2022/23, we have worked with four District Councils to secure approximately £500k from the UK Shared Prosperity Fund to provide support to local employers in both agriculture and sport to increase their access to innovation and provide business centred support.

In the sporting arena our Women's team sport has been particularly strong in 2022/23, with highlights including:

- 11 of the 32 England squad members and 11 of the 32 Wales squad members for the Women's World Cup had connections to Hartpury.
- Our College football team were Association of Colleges (AoC) Southern League champions and AoC National Premier Cup winners.
- Our College Netball Team were Association of Colleges (AoC) Southern Premier League Champions and won the AoC Sport National Championship Knockout Cup.
- Our College team were AoC Rugby 7s National Champions.

And to round off the year, our Gloucester-Hartpury Women's Rugby Team were crowned Alliance Premier 15s league champions, the top echelon of Women's rugby in England, with 13 current and former students in the squad. This demonstrates the depth and success of our well-established rugby pathway and it is good to see many students, staff and alumni playing at the top of their game as well as working in coaching and vital support roles.

Looking forward, we are well underway with our consultation process to develop our Strategy to 2030. We have adopted an inclusive process to engage all our staff, students and key external stakeholders to help shape the future of Hartpury and to continue to facilitate strong growth supported by strong financial performance.

Principal Risks and Uncertainties

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

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which Hartpury is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the group. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by Hartpury or changes to the external environment.

Hartpury maintains a risk register which is reviewed at each Audit and Risk Management Committee meeting. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on Hartpury and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is underpinned by operational Risk Registers held within each department of Hartpury.

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

1. Recruitment and retention of students in an increasingly competitive environment

Failure to achieve recruitment and retention targets and planned student numbers leading to income targets not being achieved, impacting on Hartpury cash flows and ability to invest in facilities.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training.
- Targets set for recruitment and retention are monitored monthly.
- Reporting on KPIs at Corporation and Quality Enhancement and Standards Committee, management accounts to Strategy, Finance and Resources Committee.
- Appropriate monitoring and review embedded within the FE Quality Cycle.
- Increase in marketing and conversion activity.
- Review of accommodation on site and transport routes to maximise recruitment.

2. Government funding

HARTPURY COLLEGE OF FURTHER EDUCATION

Directors' Report (continued)

Major loss of funding or increase in delivery costs due to changing government priorities and policies. Inability to secure additional funding particularly capital funding due to changes in funding mechanisms and priorities and the ability for Hartpury to respond promptly to such changing circumstances.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements.
- By ensuring the College is rigorous in delivering high quality education and training.
- Considerable focus and investment are placed on maintaining and managing key relationships with the various funding bodies.
- Ensuring the College focuses on priority sectors which will continue to benefit from public funding.
- The Group has diversified its income stream across HE, FE and other commercial areas.
- Rigorous cost control to ensure the College delivers surpluses year on year, wherever possible.

3. Funding future capital expenditure

Hartpury has invested more than £70m in its estate since incorporation as a college and demand continues to require more and improved facilities. The financial challenges facing the sector, together with Hartpury's current level of borrowing means the availability of funds from external sources for capital projects is limited.

As a result, the University

- endeavours to aggressively pay down its loans to give headroom for new borrowing,
- has embarked on a strategy to accumulate cash reserves from operating surpluses and through philanthropic donations so that further residential accommodation and student facilities can be developed,
- is actively responding to all calls for capital funds from its funders.

4. Protection of Student Experience

Failure to be able to protect student experience as student numbers grow. As numbers increase there will be increasing demand on facilities within Hartpury, for example Learning Centres, study facilities and food and beverage outlets. Investment will be required in these assets plus in areas like IT infrastructure to ensure that the student experience is not impacted negatively.

This risk is mitigated by:

- Plans developed to grow and improve facilities and staffing levels to match growth in student numbers.
- Monitoring of student satisfaction and regular engagement with students throughout the year to gauge satisfaction and respond to concerns.

5. Potential impact of a Cyber Security breach

Failure to adequately protect the IT infrastructure to mitigate risks of cyber-attacks which results in loss of IT systems and/or a data breach.

This risk is mitigated by:

- Regular engagement with JISC and other agencies to ensure mitigations are current and responding to the latest attempted cyber breaches or successful attacks.
- Specific mitigations include:
 - Email filtering.
 - Staff training on cyber risk awareness being introduced, use of malware and anti-virus software on all laptops and PCs.
 - All servers have anti-virus/malware software and this automatically monitors for 'rogue' processes for file encryption and will terminate the process immediately.
 - Servers are checked nightly and where appropriate, patched with the latest patches.
 - Weekly vulnerability scans across our infrastructure.
 - Firewall is configured to manage both outbound and inbound un-approved traffic. This is complemented using hourly updated blacklists for malware known internet sites.
 - Regular backups of all our information and weekly performed sample restore checks. Our backup system has built in malware detection checks and will alert us if there is any ransomware present.

Stakeholder Relationships

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

- Students
- Parents/carers
- Education sector funding bodies
- FE Commissioner
- Staff
- Local, regional and national employers (with specific links)
- Local authorities
- Local Enterprise Partnerships (LEPs)
- The local community
- Other FE and HE institutions
- Professional bodies
- Local Skills Improvement Plan facilitated through Business West

HARTPURY COLLEGE OF FURTHER EDUCATION

Directors' Report (continued)

The curriculum at Hartpury has industry, as a key stakeholder, at the heart of it to ensure alignment with current and emerging skills needs. As such, employers in all of our specialist sectors are involved in curriculum design through Industry Curriculum Co-creation Events, supporting curriculum co-design and leading into co-delivery and co-assessment. The industry and employer focused Hartpury College curriculum offer also aligns with the following:

- Industrial Strategy through to the Plan for Growth
- Key objectives of GFirst LEP
- The desire to 'bring together business and education'
- The Local Skills Improvement Plan (LSIP)
- The National and Local Skills Strategy
- Improved productivity need on a local and global scale in relation to the Levelling Up White Paper

The Team at Hartpury have also been working strategically with Business West who were commissioned to develop and review the Gloucestershire LSIP and also GFirst LEP to ensure alignment of the offer in order to best meet skills gaps and to ensure that collaboratively the county educational establishments meet needs for the priority sectors. Our Accountability Agreement published in May 2023 set out commitment to supporting the skills gaps within the sectors we serve and details key objectives to enable achievement of our aims. In addition, Hartpury College is well underway with developing its Skills Review, aligning this with the development of the Hartpury 2030 Strategy.

The College considers good communication with its staff to be very important and continues to operate a Performance Appraisal Review annually. The College encourages staff and student involvement through membership of formal committees. The Staff and Management Forums are key in fostering staff involvement.

The Board approves public access to agendas and minutes of the Board and those of its sub-committees except for those deemed by the Board to be confidential. Public access to this material will be available during normal working hours by application to the Clerk in writing.

It is also the policy of the Board that any staff, student, or member of the public may attend a meeting at the express invitation of the Board.

Public Benefit

Hartpury College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016, is regulated by the Secretary of State for Education. The directors of the Board, who are trustees of the charity, are disclosed on page 9.

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

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

- High-quality teaching.
- Widening participation and tackling social exclusion.
- Excellent employment record for students.
- Strong student support systems.
- Links with employers, industry and commerce.
- Links with Local Enterprise Partnerships (LEPs).

Equality, Diversity and Inclusivity

Hartpury is committed to achieving universal acceptance and application of a working and learning environment free from harassment, intimidation and unlawful discrimination. It is also committed to taking positive action to promote such equality and diversity of opportunity in relation to recruitment (staff and students), promotion, training, learning, benefits, procedures and all terms and conditions of employment and all requirements that govern student regulations.

At Hartpury we are committed to valuing diversity and promoting equality. One of our Corporate Values is 'Respectful' and this means we create an inclusive and accessible environment that enables and promotes belonging and respect for staff, students and the wider community. We create an inclusive approach for both students and staff that promotes diversity, positive behaviours, builds effective relationships and enables all our students to develop and achieve the best possible outcomes. We value others for their contribution, irrespective of personal differences.

It is the obligation of all staff and students to respect and act in accordance with the Equality, Diversity & Inclusivity Policy and to actively promote it throughout their life at Hartpury.

Hartpury's commitment to Equality, Diversity and Inclusivity is:

- To confirm the commitment of Hartpury to the principle of equality, diversity and inclusivity for all.
- To ensure Hartpury complies with all laws and directives, relevant to equal opportunities and procedures are in place to clarify and support this intention.
- To create an inclusive environment where differences are celebrated and everyone is valued and respected.

HARTPURY COLLEGE OF FURTHER EDUCATION

Directors' Report (continued)

- To ensure that Hartpury has a sound system of monitoring and review of progress so that good practice is identified, issues addressed and a culture of equality and diversity is embedded in all aspects of the work of Hartpury.

Hartpury's Equality, Diversity & Inclusivity Policy together with other associated policies, our Single Equality Scheme and Equality & Inclusivity Objectives are published on Hartpury's website and Internet site.

The Equality, Diversity & Inclusivity Policy will be resourced, implemented and monitored on a planned basis. Our action plans and objectives are updated regularly and monitored by managers and governors.

Hartpury has Disability Confident Employer status and has committed to the principles and objectives of this standard. Hartpury considers applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee or student becomes disabled, every effort is made to ensure that employment and learning with Hartpury continues. The Hartpury policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

We have achieved the Gloucestershire Inclusive Employer Award which highlights our commitment to supporting a diverse and inclusive workforce. Hartpury also has 'Mindful Employer Charter' status.

Disability statement

Hartpury encourages participation in its learning programmes by all sections of the community and the industries it serves. Hartpury will endeavour to ensure students with special educational needs and/or disabilities, including mental health, are able to follow a programme of study most suitable to their needs with appropriate support. This support will be monitored, reviewed and changed as necessary.

The Student Disability Policy complies with SEN Code of Practice 2015 and the Equality Act 2010. Hartpury's Equality, Diversity & Inclusivity Policy also states our commitment to ensure that no student receives less favourable treatment on the grounds of any physical or other disability. Hartpury will keep the policy and its implementation under review to ensure that appropriate support is given to students so they can achieve the learning goals or re-negotiate other appropriate learning outcomes within the duration of their course.

Hartpury is committed to responding to individual needs and will endeavour to ensure that all resources are accessible and available to all students throughout their learning journey. An assessment of any help and support needed which relates to special educational needs / disability will also be conducted. If appropriate, Hartpury will seek professional recommendations, reports, or background evidence to establish the level of support required.

Within resource constraints, Hartpury will make every effort to provide reasonable adjustments to the campus, educational environment, including teaching rooms / timetables and accommodation to ensure a student's needs are met.

Disclosure of Information to Auditor

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

Approved by order of the members of the Board on 22 November 2023 and signed on its behalf by:



Mr E Keene
Chair of Governors

HARTPURY COLLEGE OF FURTHER EDUCATION

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and financial statements of the College 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.

The College endeavours to conduct its business:

- In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
- In full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code").

In the opinion of the Board, the College either complies with, or exceeds all the provisions within the Code and it has complied throughout the year ended 31 July 2023. This opinion is based on an internal review of compliance with the Code reported to the Board on 22nd November 2023. The Board recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. 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, which it formally adopted in May 2015.

The College is a Company limited by guarantee.

THE COLLEGE BOARD

Listed in the table below.

(Committee Key: S&G - Search and Governance, QuEST - Quality and Enhancement of Standards, A&R - Audit and Risk Management, SFR - Strategy, Finance and Resources, R&E - Remuneration and Employment. In addition, short term working groups are set up as necessary.

Name	Date of Appointment or re-appointment	Term of office	Status of appointment	Committees served	Attendance	Note
E Keene	1 Sept 2022	4 years		SFR, S&G, R&E	94%	Chair
A Collop (Prof)	1 Sept 2012	Ex-officio	Principal	SFR, S&G, QuEST	100%	
B Buck	1 Sept 2022	4 years		A&R, QuEST, R&E, S&G	100%	Vice-Chair
P Brooke	1 Sept 2022	3 years		A&R, R&E	100%	
H Wilkinson	1 Sept 2022	4 years		QuEST	58%	
C Moody	1 Sept 2020	4 years		SFR, QuEST, S&G	95%	
S Lynn	1 Sept 2019	4 years	Staff	QuEST	42%	Term ended 31/8/23
M Heslop	15 Oct 2019	4 years		A&R, S&G, FE Quest (from Feb 23)	100%	Re-appointed 1/9/23 (4 yr term)
K Nandra	15 Oct 2019	4 years		QuEST, S&G	25%	Resigned Nov 22
A Grizzell	1 Sept 2021	4 years		SFR	73%	
J Garvey	1 Sept 2022	1 year	Student	QuEST	50%	
College Board Overall Total Percentage Attendance					90%	

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

The Board is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Board meets each term as a minimum.

The Board conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Board. These committees are as follows:

Strategy, Finance and Resources	(SFR)
Remuneration and Employment	(R&E)
Audit and Risk Management	(A&R)
Search and Governance	(S&G)

HARTPURY COLLEGE OF FURTHER EDUCATION

Statement of Corporate Governance and Internal Control

Quality Enhancement and Standards (QuEST)

Full minutes of all meetings, except those deemed confidential by the Board, are available on the College's website at www.hartpury.ac.uk or from the Clerk to the Board at:

Hartpury College
Hartpury House
Hartpury
Gloucester
GL19 3BE

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

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Board, 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 Board as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are provided on a regular basis.

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

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

Appointments to the Board

Any new member appointments to the Board are a matter for the consideration of the Board as a whole. The Board has a Search and Governance committee which currently consists of five members of the Board including the Principal, which is responsible for the selection and nomination of any new member for the Board's consideration. The Board is responsible for ensuring that appropriate training is provided as required.

Members of the Board are appointed for a term of office not exceeding four years. Members may be considered for re-appointment by the Search and Governance Committee – bearing in mind the need to balance renewal and corporate memory.

Board performance

In 2021/22, as part of its commitment to reviewing and improving its performance the Board commissioned a Governance External Review by AdvanceHE. This was a comprehensive review which included completion of self-assessment surveys by governors and the senior management team, a number of focus groups, attendance at Board and Committee meetings, review of key governance processes and documentation and a governance workshop. Key findings of the Report (May 2022) were that:

"Governance is generally effective at Hartpury University and Hartpury College (Hartpury). Governors at Hartpury are clearly committed to the long-term success of the University and College and governance is enabled by a framework of practices, policies and processes.

Members of the governing boards and external stakeholders should be assured that the University and College is compliant with the regulatory requirements and that in all its essentials the University and College are adequately governed and effectively led."

The report also highlighted a number of recommendations to maintain and further develop governance which were taken forward by the Board through an action plan which was confirmed complete at its July 2023 Board meeting.

The Board also continued to assess its performance through a range of internal mechanisms including 1:1 meetings between the Chair/Vice-Chair and governors, regular review of performance indicators and committee self-assessments.

Board Development and Training

The Board is committed to its ongoing development as part of its commitment to the pursuit of excellence for the Board, the organisation and its students. During 2022/23 the Board maintained its practice of having a two-day Strategy and Development Event to consider strategic planning and governance development. This year this included sessions on governance and sector updates. The event as a whole engages governors in consideration of good practice, review, reflection, action planning and helps foster effective Board dynamics.

In addition, the Board has training and development sessions within its Board and Committee meetings. During 2022-23 Board sessions included: Safeguarding and Ofsted Inspection Framework. The Audit and Risk Management Committee had a session on Safeguarding in relation to risk management assurance. The Committee reports include benchmark and good practice data and reviews to support Committee ability to challenge and scrutinise the college's performance. Governors are provided with support in developing their understanding of these metrics with new governors on committees having development sessions with the Senior Management Team lead for the committee, for example an Understanding FE Finance and Funding session by the Chief Operating Officer.

HARTPURY COLLEGE OF FURTHER EDUCATION

Statement of Corporate Governance and Internal Control

Hartpury has in place a Governor Link Scheme to support governors in developing a richer understanding of Hartpury, provide an opportunity for triangulation and to “take the temperature” in relation to students and staff. Governors are linked to an academic or professional services area for a twelve-month period and update the Board on their visits.

New governors have comprehensive induction which includes attendance at Association of Colleges/Education Training Foundation Governor Induction, Clerk Induction session, Initial Meeting with the Principal and Chair, discussion of background to ongoing agenda items. Student Governors also attend national student governor training to support understanding of their role. The link governor for the Safeguarding area undertook comprehensive training to support the role. All governors have a mentor for their first year on the Board to support their development.

Governors are briefed through a number of mechanisms on sector and national developments. These include briefing reports/presentations from the Principal, updates from the Clerk and sector briefings such as the AoC, ESFA, OfS, GuildHE, AdvanceHE, DfE.

Governors also attend training and development relating to their role on the Board. During 2022/23 the Chair of the Audit and Risk Management Committee attended AoC networking events on Finance and Funding and the Chair and Vice-Chair of the QuEst Committee have attended AoC networking events and conference on quality and curriculum. A number of governors attend other AoC development events.

Governors complete Safeguarding and Prevent Training on induction and then at two yearly intervals.

The Board is supported by a Clerk who is a Fellow of the Corporate Governance Institute with experience in education, company, charity and NHS sectors. She is committed to regular Professional Development, supported by the Board. During 2022/23 she continued to be an active member of the AoC SW Governance Professional Network and is part of the group which plans the sessions. She attended the AoC SW Governance Conference. These events enable the Clerk to keep up to date with good practice and to share information, guidance and practice with the Board. She has attended development sessions on key issues for the sector, such as development of the Accountability Statement, Equality & Diversity and Board practice. She also attended a number of Governance Professional Workshops which focused on methods to support and embed good governance. The Clerk also keeps updated through briefings from ESFA, AoC, OfS, Advance-HE, GuildHE etc.

Remuneration and Employment Committee

Throughout the year ended 31 July 2023, the College's Remuneration and Employment Committee comprised three members of the Board. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits package of the Principal and other senior members of staff.

Details of remuneration for the year ended 31 July 2023 are set out in note 4 to the financial statements.

Audit and Risk Management Committee

The Audit and Risk Management Committee comprised three members of the Board and a number of co-opted committee members. Membership does not include the Board Chair or Principal. The Committee operates in accordance with written terms of reference approved by the Board.

The Audit and Risk Management Committee meets three times per year and provides a forum for reporting by the College's internal reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of the College management. The Committee also receives and considers reports from the main FE funding body as they affect the College's business. The Committee also reviews the risk management processes and risks following management review and advises the Board.

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

The Audit and Risk Management Committee had 100% attendance by its Board members for each meeting in the year. Members of management attended to present reports and provide information and the Internal and External Auditors. The Committee met without management being present at each of its meetings, in line with good practice.

The Strategy, Finance and Resources Committee

The Strategy, Finance and Resources Committee comprises four members of the Board, including the Principal. The Committee operates in accordance with written terms of reference approved by the Board.

The Strategy, Finance and Resources Committee usually meets four times per year and ensures that annual estimates of income and expenditure and annual financial accounts are prepared for approval by the Board and that financial performance against these annual estimates of income and expenditure are adequately monitored on behalf of the Board of Governors, that statements of financial performance are presented to the Board on a regular basis and that appropriate action is taken on matters raised as a consequence of such reports.

HARTPURY COLLEGE OF FURTHER EDUCATION

Statement of Corporate Governance and Internal Control

The Committee also ensures that a capital budget is prepared for approval by the Board, against which projects can be prioritised and to assist the College in identifying necessary funding sources and strategies to undertake such projects and to recommend major capital resource developments for final approval by the Board.

INTERNAL CONTROL

Scope of responsibility

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

The Board has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives. The Accounting Officer is responsible for ensuring that public funds and assets for which he is personally responsible are safeguarded, ensuring that the contractual responsibilities under its funding agreements and contracts with ESFA are met, in accordance with the responsibilities assigned to him in the Financial Memorandum between Hartpury College and the funding bodies. He is also responsible for reporting to the Board 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 College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hartpury College for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board
- regular reviews by the Board of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

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

Review of effectiveness

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

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors and/or the reporting accountant for regularity assurance in their management letters and other reports.

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

The senior management 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 management team and the Audit and Risk Management Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

HARTPURY COLLEGE OF FURTHER EDUCATION

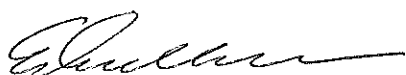
Statement of Corporate Governance and Internal Control

During 2022/23 there have been no significant internal control weaknesses or failures. The Internal Auditors did not raise any significant control concerns through their work in the period.

The Audit and Risk Management Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2023 meeting, the Board 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 and Risk Management Committee and the Accounting Officer, the Board is of the opinion that the College has an adequate and effective framework for governance, risk management and control and has fulfilled its statutory responsibility for *"the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets"*.

Approved by order of the members of the Board on 22nd November 2023 and signed on its behalf by:



Mr Edward Keene
Chair



Professor A Collop
Principal & Accounting Officer

HARTPURY COLLEGE OF FURTHER EDUCATION

Statement of Regularity, Propriety and Compliance

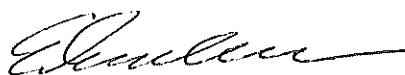
The Board has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the Board's grant funding agreement and contracts with ESFA. As part of our consideration, we have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

We confirm, on behalf of the Board, that after due enquiry and to the best of our knowledge, we are not able to identify any material irregular or improper use of funds by the Board, or material non-compliance with terms and conditions of funding, under the Board's grant funding agreements and contract with the ESFA, or any other public funder.

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



Professor A Collop
Principal & Accounting Officer
22 November 2023



Mr E Keene
Chair of Board
22 November 2023

HARTPURY COLLEGE OF FURTHER EDUCATION

STATEMENT OF RESPONSIBILITIES OF THE BOARD

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with the terms and conditions of the College's grant funding agreements and contracts with the ESFA and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the College and of the profit or loss of the College for that period.

In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and enable them to ensure that the financial statements comply with the Companies Act 2006 and relevant accounting standards. They have responsibility for taking such steps that are reasonably open to them to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the College's website. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. The directors must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, the directors are responsible for securing economical, efficient and effective management of the College's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the Board on 22 November 2023 and signed on its behalf by:



Mr E Keene
Chair of Board

HARTPURY COLLEGE OF FURTHER EDUCATION

Independent auditor's report to the Board of Hartpury College of Further Education

Opinion

We have audited the financial statements of Hartpury College (the 'College') for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Directors' report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Post 16 Audit Code of Practice issued by the Education and Skills Funding Agency and the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the Director's report, including the statement of corporate governance, is inconsistent with the financial statements; or
- we have not received all the information and explanations we require for our audit

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing 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 directors either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

HARTPURY COLLEGE OF FURTHER EDUCATION

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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the College and its industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the ESFA funding agreements, the OfS regulatory framework, the OFSTED regulatory framework, safeguarding, pensions regulation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering and HM Treasury's "Managing public money".

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the College is in compliance with laws and regulation and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the College which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as: tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the College's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the College's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's members as a body for our audit work, for this report, or for the opinions we have formed.



Richard Bott (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street
Bristol
BS1 6DP
Date : 29/11/20

HARTPURY COLLEGE OF FURTHER EDUCATION

Reporting accountant's assurance report on regularity

To: The Board of Hartpury College and Secretary of State for Education acting through Education and Skills Funding Agency ("ESFA")

In accordance with the terms of our engagement letter dated 29 September 2022 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Hartpury College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of Hartpury College and the reporting accountant

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

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the financial memorandum with the ESFA/funding agreement with the ESFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Tested a sample of individual learner records.
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.
- Reviewed the College's compliance with the requirements of HM Treasury's "Managing Public Money" document.

Conclusion

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

Signed:

Mazars LLP

Date: 29/11/23

HARTPURY COLLEGE OF FURTHER EDUCATION

Statement of Comprehensive Income Year ended 31 July 2023

	Notes	2023 £	2022 £
INCOME			
Funding body grants	2	13,253,800	12,805,837
Tuition fees and education contracts	3	841,774	374,792
Total income		14,095,574	13,180,629
EXPENDITURE			
Staff costs	4	6,763,276	6,284,538
Other operating expenses	5	6,355,829	5,845,335
Total expenditure		13,119,105	12,129,873
Surplus before tax		976,469	1,050,756
Taxation		-	-
Surplus for the year		976,469	1,050,756
Total Comprehensive Income for the year		976,469	1,050,756
Represented by:			
Restricted comprehensive income		-	-
Unrestricted comprehensive income		976,469	1,050,756
		976,469	1,050,756

The notes on pages 23 to 29 form part of these financial statements.

All activities relate to continuing operations.

HARTPURY COLLEGE OF FURTHER EDUCATION

Statement of Changes in Reserves Year ended 31 July 2023

	Income and expenditure account £	Total excluding Non-controlling interest £	Total £
Balance at 31 July 2021	1,202,278	1,202,278	1,202,278
Surplus from the income and expenditure account	1,050,756	1,050,756	1,050,756
Gift of surplus to Hartpurv University	(1,202,278)	(1,202,278)	(1,202,278)
Other comprehensive income	-	-	-
Total comprehensive income for the year	(151,522)	(151,522)	(151,522)
Balance at 31 July 2022	1,050,756	1,050,756	1,050,756

	Income and expenditure account £	Total excluding Non-controlling interest £	Total £
Balance at 31 July 2022	1,050,756	1,050,756	1,050,756
Surplus from the income and expenditure account	976,469	976,469	976,469
Gift of surplus to Hartpurv University	(1,050,756)	(1,050,756)	(1,050,756)
Other comprehensive income	-	-	-
Total comprehensive income for the year	(74,287)	(74,287)	(74,287)
Balance at 31 July 2023	976,469	976,469	976,469

The notes on pages 23 to 29 form part of these financial statements.

HARTPURY COLLEGE OF FURTHER EDUCATION

Balance Sheet as at 31 July 2023

	Notes	2023 £	2022 £
Current Assets			
Trade and other receivables	6	984,236	1,527,828
Cash and cash equivalents	8	<u>2,519,756</u>	<u>744,099</u>
		3,503,992	2,271,927
Less: Creditors – amounts falling due within one year	7	(2,527,523)	(1,221,171)
Total net assets		<u>976,469</u>	<u>1,050,756</u>
Unrestricted Reserves			
Income and expenditure account		976,469	1,050,756
Total unrestricted reserves		<u>976,469</u>	<u>1,050,756</u>

The financial statements on pages 19 to 23 were approved and authorised for issue by the Board on 22nd November 2023 and were signed on its behalf on that date by:



Mr E Keene
Chair of Board



Professor A Collop
Accounting Officer

Company registration number: 11180792

The notes on pages 23 to 29 form part of these financial statements.

HARTPURY COLLEGE OF FURTHER EDUCATION

Statement of Cash Flows Year ended 31 July 2023

	2023 £	2022 £
Cash flow from operating activities		
Surplus from the year	976,469	1,050,756
Adjustments for non-cash items		
Decrease/(Increase) in debtors	543,592	(1,124,775)
Increase/(Decrease) in creditors due within one year	1,306,352	(18,604)
Net cash flows from operating activities	<u>2,826,593</u>	<u>(92,623)</u>
Gift to Hartpury University	<u>(1,050,756)</u>	<u>(1,202,278)</u>
Increase/(Decrease) in cash and cash equivalents in the year	<u>1,775,657</u>	<u>(1,294,901)</u>
Cash and cash equivalents at beginning of the year	<u>744,099</u>	<u>2,039,000</u>
Cash and cash equivalents at the end of the year	<u>2,519,756</u>	<u>744,099</u>

The notes on pages 23 to 29 form part of these financial statements

HARTPURY COLLEGE OF FURTHER EDUCATION

Notes to the financial statements

Year Ended 31 July 2023

1. Statement of Principal Accounting Policies

Statement of compliance

The College's financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education issued in 2019. The address of the registered office of the College is Hartpury House, Gloucester, GL19 3BE. The College is registered in England and Wales.

The College is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards. As a result of the Office for National Statistics (ONS) decision to reclassify further education colleges, sixth-form colleges and designated institutions in England ('colleges') to the central government sector, the College now meets the overall requirements in HM Treasury's document, 'Managing Public Money' (MPM), and other related obligations.

Basis of preparation

The College's financial statements have been prepared under the historical cost convention (modified by the revaluation of certain financial assets and liabilities at fair value).

The College's activities, together with the factors likely to affect its future development, performance and position, are set out in the operational and financial review which forms part of the Directors' Report. The Report also describes the financial position of the College, its cash flows, liquidity position and borrowing facilities. The Board has a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. The College continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Directors' 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 no loans outstanding.

The College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Income recognition

Income from the sale of goods or services is credited to the Statement of Comprehensive Income when the goods or services are supplied to the external customers, or the terms of the contract have been satisfied.

Tuition fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income. Education contracts are recognised when the College is entitled to the income, which is the period in which students are studying, or where relevant, when performance conditions have been met.

Investment income is credited to the statement of income and expenditure on a receivable basis.

Funds the College receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal benefit related to the transaction.

Grant funding

Government revenue grants including funding body block grant and research grants are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Funding body recurrent grants received from the Education and Skills Funding Agency (ESFA) are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the Statement of Comprehensive Income and Expenditure. The final grant income is normally determined with the conclusion of the year end reconciliation process with the ESFA 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

HARTPURY COLLEGE OF FURTHER EDUCATION

Notes to the financial statements (continued)

Year Ended 31 July 2023

Accounting for retirement benefits

The principal pension scheme for the College's staff is the Teachers' Pension Scheme (TPS). The scheme is a defined benefit scheme, which is externally funded and contracted out of the State Second Pension (S2P). The fund is valued every three years by professionally qualified independent actuaries.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Employment Benefits

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

Cash and cash equivalents

Cash includes cash in hand, 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 (maturity being less than three months from the placement date), highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

1. The College has a present obligation (legal or constructive) as a result of a past event;
2. It is probable that an outflow of economic benefits will be required to settle the obligation; and
3. A reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks to the liability.

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

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided in full on timing differences that exist at the reporting date and that result in an obligation to pay more tax, or a right to pay less tax in the future. The deferred tax is measured at the rate expected to apply in periods in which the timing differences are expected to reverse, based on the tax rates and laws that are enacted or substantively enacted at the reporting date. Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax assets and liabilities are not discounted.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of para 1 of schedule 6 to the Finance Act 2010 and accordingly, the College is potentially exempt from UK Corporation Tax in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

HARTPURY COLLEGE OF FURTHER EDUCATION

Notes to the financial statements (continued)

Year Ended 31 July 2023

The College receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on expenditure (revenue and capital) is included in the cost of such expenditure. Any irrecoverable VAT allocated to fixed assets is included in their costs.

Financial instruments

The College has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement and disclosure of financial instruments. Financial assets and liabilities are recognised when the College becomes party to the contractual provision of the instrument and they are classified accordingly to the substance of the contractual arrangements entered into.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention wither to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Basic financial assets include trade and other receivables, cash and cash equivalents and investments in commercial paper (i.e., deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate if interest. Such assets are subsequently carried at amortised cost using the effective interest method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

For financial assets carried at amortised cost the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates, or joint ventures are initially measured at fair value, which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the statement of comprehensive income. Where the investment in equity instruments is not publicly traded and where the fair value cannot be readily measured the assets are measured at cost less impairment.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all of the risks and rewards of the ownership of the asset are transferred to another party.

Financial liabilities

Basic financial liabilities include trade and other payables, bank loans and intra-group loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised costs using the effective interest rate method.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and subsequently re-measured at their fair value at the reporting date. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

To the extent that the College enters into forward foreign exchange contracts which remain unsettled at the reporting date the fair value of the contracts is reviewed at that date. The initial fair value is measured as the transaction price in the date of inception of the contracts. Subsequent valuations are considered on the basis of the forward rates for those unsettled contracts at the reporting date. The College does not apply hedge accounting in respect of forward foreign exchange contracts held to manage cash flow exposures of forecast transactions denominated in foreign currencies.

Financial liabilities are de-recognised when the liability is discharged, cancelled, or expires.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the College, are held as a permanently restricted fund which the College must hold in perpetuity.

HARTPURY COLLEGE OF FURTHER EDUCATION

Notes to the financial statements (continued)

Year Ended 31 July 2023

Other restricted reserves include balances where the donor has designated a specific purpose and therefore must hold in perpetuity.

Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the College's financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. These judgements, estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management considers the areas where critical accounting judgements have been applied and the resulting estimates and assumptions may lead to adjustments to the future carrying amounts of assets and liabilities. Judgement is applied in determining the value and timing of certain income items to be recognised in the financial statements. This includes determining when performance related conditions have been met.

2. Funding Body Grants

	2023	2022
	£	£
Recurrent grants		
Education and Skills Funding Agency – Adult Education Budget	51,091	52,249
Education and Skills Funding Agency – 16 – 18	12,231,592	11,834,601
Education and Skills Funding Agency – Apprenticeships	202,225	247,296
Education and Skills Funding Agency – Teachers Pension	710,127	535,646
Education and Skills Funding Agency – Prior Year	58,765	136,045
Total	13,253,800	12,805,837

3. Tuition fees and education contracts

	2023	2022
	£	£
Adult and other education fees	170,931	153,668
International student fees	114,729	82,048
Total tuition fees	285,660	235,716
Education contracts	556,114	139,076
Total	841,774	374,792

4. Staff costs

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

	2023	2022
	Number	Number
Teaching staff	125	127
Non-Teaching staff	5	2
	130	129

Staff costs for the above persons:

	2023	2022
	£	£
Wages and salaries	5,120,378	4,752,900
Social security costs and apprentice levy	512,231	480,567
Other pension costs	1,130,667	1,051,071
	6,763,276	6,284,538

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Management Team which comprises the Principal and Vice-Principal – Further Education.

	2023	2022
	Number	Number
The number of key management personnel including the Accounting Officer was:	3	2

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

HARTPURY COLLEGE OF FURTHER EDUCATION

Notes to the financial statements (continued)

Year Ended 31 July 2023

	Key Management Personnel	Other Staff	Key Management Personnel	Other Staff
	2023	2023	2022	2022
£60,000 to £65,000 p.a.	-	-	-	-
£65,001 to £70,000 p.a.	-	-	-	-
£70,001 to £75,000 p.a.	-	-	-	-
£75,001 to £80,000 p.a.	-	-	-	-
£80,001 to £85,000 p.a.	-	-	-	-
£85,001 to £90,000 p.a.	-	-	-	-
£90,001 to £95,000 p.a.	-	-	1	-
£95,001 to £100,000 p.a.	2	-	-	-
£100,001 to £105,000 p.a.	-	-	-	-
£105,001 to £110,000 p.a.	-	-	1	-

Key management personnel emoluments are made up as follows:

	2023	2022
	£	£
Salaries	193,800	202,241
Benefits in kind	-	-
	193,800	202,241
Pension contributions	43,436	23,869
Total emoluments	237,236	226,110

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

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

	2023	2022
	£	£
Salaries - Professor A Collop (commenced 1 September 2022)	87,084	-
Salary - Mr R Marchant (Left 31 August 2022)	10,371	109,717
Benefits in kind	-	-
	97,455	109,717
Pension contributions	20,621	1,959
	118,076	111,676

The Board adopted the Committee of University Chairs (CUC) June 2018 Higher Education Senior Staff Remuneration Code in July 2018 and assesses pay in line with its principles.

The remuneration package of the Principal is subject to annual review by the Remuneration and Employment Committee of the Board which uses benchmarking information to provide objective guidance. This includes consideration of the Association of Colleges Senior Pay Survey which enables comparator by land-based colleges, all colleges, income, region and structure (with salaries banded into quartiles); salary scales and pay levels across the wider institution; performance - individual and institution; and since becoming a University also Vice-Chancellor Remuneration data.

The Principal, reports to the Chair of the Board, who undertakes an annual review of his performance against Hartpury Group's overall objectives and those specific to Hartpury College using both qualitative and quantitative measures of performance.

The remuneration for the Principal reflects the fact that the organisation's structure increased in complexity with the transition to university status, whilst continuing to operate a further education college as a subsidiary company limited by guarantee and meeting the regulatory framework of the higher education and further education sectors. Hartpury is committed to ensuring parity of esteem for both further and higher education. Hartpury continues to work consistently and effectively towards its mission to be a specialist niche provider delivering relevant, effective and high-quality education and training for employment in sport, equine, animal and agricultural industries; locally, regionally, nationally and internationally and manages its recruitment to balance the need to meet this range of markets.

The Principal has been in place since 1st September 2022.

	2023	2022
Relationship of Principal pay and remuneration expressed as a multiple:		
Principal's basic salary as a multiple of the median to all staff	2.8	3.3
Principal's total remuneration as a multiple of the median of all staff	2.8	3.3

HARTPURY COLLEGE OF FURTHER EDUCATION

Notes to the financial statements (continued)

Year Ended 31 July 2023

Compensation for loss of office paid to former key management personnel

	2023	2022
	£	£
Compensation paid to the former post-holder	-	-

5. Other operating expenses

	2023	2022
	£	£
Teaching costs	781,090	668,872
Non-teaching costs	5,574,739	5,176,463
Total	6,355,829	5,845,335

Other operating expenses include:

	2023	2022
	£	£
Auditors' remuneration		
Financial statements audit	6,200	6,200
Other audit services	2,850	2,526
	9,050	8,726

6. Trade and other receivables

	2023	2022
	£	£
Amounts falling due within one year:		
Amounts owed by parent undertakings	954,466	1,527,828
Prepayments and accrued income	29,770	-
Total	984,236	1,527,828

7. Creditors: amounts falling due within one year

	2023	2022
	£	£
Other taxation and social security	227,462	224,035
Accruals and deferred income	1,780,991	345,241
Amounts owed to ESFA	519,070	651,895
Total	2,527,523	1,221,171

8. Cash and cash equivalents

	At 1 August 2022	Cash flows	Other Changes	At 31 July 2023
	£	£	£	£
Cash and cash equivalents	744,099	1,775,657	-	2,519,756
Overdrafts	-	-	-	-
	744,099	1,775,657	-	2,519,756

9. Defined benefit obligations

The College's employees belong to the Teachers' Pension Scheme England and Wales (TPS), which is a multi-employer defined-benefit plan.

	2023	2022
	£	£
Total pension costs for the year		
Teachers' Pension Scheme: contributions paid	1,130,667	1,051,071
Total Pension Costs for Year within staff costs	1,130,667	1,051,071

Contributions amounting to £118,595 (2022 £114,564) were payable to the scheme at 31 July 2023 and are included in creditors.

Teachers' Pension Scheme

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

HARTPURY COLLEGE OF FURTHER EDUCATION

Notes to the financial statements (continued)

Year Ended 31 July 2023

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. Hartpury is unable to identify its share of the underlying assets and liabilities of the plan.

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

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2022/23 academic year.

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

The pension costs paid to TPS in the year amounted to £1,130,667 (2022 £1,051,071).

10. Related party transactions

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

No Governor has received any remuneration or waived payments from the College during the year.

The College has taken advantage of the exemption permitted by FRS102 Section 33 (Related Party Disclosures), available to group undertakings where 100% of the voting rights are controlled within the group and where consolidated financial statements are publicly available, not to disclose transactions with other group companies within these Financial Statements.

11. Amounts disbursed as agent

	2023	2022
	£	£
Funding body grants – discretionary learner support	210,345	200,188
Funding body grants – residential bursaries	519,042	519,042
	<u>729,387</u>	<u>719,230</u>
Disbursed to students	(705,417)	(730,465)
Administration costs	(36,469)	(35,961)
Overspent funds as at 31 July	<u>(12,499)</u>	<u>(47,196)</u>

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

12. Ultimate Parent Undertaking

The company's ultimate parent undertaking is Hartpury University, an exempt charity, registered in the UK.

The largest and smallest group in which the results of the Company are consolidated is that headed by Hartpury University, an exempt charity, registered in the UK. No other group financial statements include the results of the Company. The group financial statements are available to the public and may be obtained from Hartpury House, Hartpury, Gloucester, GL19 3BE.